





# Mixed bag of voters say No to treaty



THERE is no single campaign against European monetary and political union in France, rather a rag-bag of campaigns led by diverse and sometimes conflicting special interest groups.

They stretch from the extreme right to the extreme left, to farmers, truckers, some company directors, through the aristocracy to the bourgeois and the working class. They include most of the Communist party and the extreme right-wing National Front, a majority of the Gaullists, some of the UDF centre-right and a small minority of the ruling Socialists.

Such fragmentation is both a strength and a weakness for the anti-Maastricht lobby. It indicates that the No vote reaches many corners of society and so could be hard to turn back.

William Dawkins discusses the French campaign against the Maastricht agreement and, right, profiles some leading lights

At the same time the No campaign sometimes looks incoherent.

This impression is reinforced by prophecies that the treaty will create horrors that cannot actually be traced to details of the text, like the National Front's warnings that European union will unleash hordes of immigrants to steal French jobs.

If there is a single thread linking the No protagonists, it is that many represent constituencies or sectors that have suffered economically from foreign competition, the decline of traditional industries or slow development. For them, the Maastricht campaign is a catalyst for general unhappiness about France.

For the moment, it looks as if the

No campaigners are succumbing to weaknesses, as the Yes vote recovers to 54-46 per cent in recent polls.

Broadly, the No campaign splits into the following camps.

The intellectually respectable campaigners, like Mr Philippe Séguin, the Gaullist former minister, and his Gaullist colleague Mr Charles Pasqua, or Mr Jean-Pierre Chevènement, the rebel former Socialist defence minister, probably represent the core of the No vote.

They stick to the actual consequences of Maastricht, such as the economic rigours of monetary union, the powers of the European central bank, and the risk of French foreign policy being steamrollered by its

European partners. They have, on the whole, kept Mr Mitterrand's record out of their campaigns, which could well add to their moral respectability in voters' eyes.

Also in the intellectually respectable corner is an important minority of the business lobby, such as Mr Jacques Calvet, chairman of Peugeot car maker, and Mr Pierre Suard, chairman of Alcatel Alsthom, the telecommunications and engineering group.

Then there is the populist section of the No camp, which plays on fears that France is losing its importance in Europe - appealing more to general nationalist sentiment than to the precise consequences of the Maastricht project. The anti-immigrant Mr Jean-

Marie Le Pen, National Front leader, with his Wagnerian oratory is the prime example, although Mr Philippe de Villiers, a rebel UDF member of parliament, has also made a vivid impression on the hustings.

Outside party politics are the special interest groups. Anti-European feeling was part of the truckers' summer demonstrations against tough new driving regulations - which have nothing to do with the EC, let alone the treaty - while hunting lobby groups have complained that Maastricht will curb their right to shoot turtle doves.

The start of the official media campaign earlier this week could help to focus electors' minds on the real issues. But the signs are that a significant proportion of the electorate is today mulling over the wrong questions.

Tomorrow: the Yes campaign

## Old suspicion of bureaucracies

Le Vicomte Philippe Le Jolis de Villiers de Saintignon, UDF member of parliament for the Vendée

THE aristocratic Mr Philippe de Villiers, 45, comes from a traditionally Catholic corner of France, which has been conservative for hundreds of years.

The Vendée fought against the French revolution and has ever since been suspicious of centralising bureaucracies, whether in Paris or in Brussels. Mr de Villiers plays on this tradition to the full and fulminated against Brussels "technocrats" in the Figaro newspaper yesterday.

Although he is a member of the centre-right UDF, Mr de Villiers is closer to the far right wing of the Gaullist party and campaigns for a Europe of loosely co-ordinating sovereign states, based on "moral, religious and family values".

A former junior culture minister in the 1986-1988 Gaullist government, Mr de Villiers is also out for President François Mitterrand's blood. He has irritated even his own party leaders by calling on voters to use



De Villiers: aristocrat

the referendum to oust the president, as they did when General Charles de Gaulle called a referendum on decentralisation in 1962.

His style is aggressive and enigmatic. He has been accused of using the campaign as much to further his political ambitions as to oppose Maastricht.

## Great resigner raises banner of nationalism

"If the Noes win, the political landscape will change considerably in France," says Mr Jean-Pierre Chevènement hopefully. And the French Socialist party's leading maverick is already positioning himself to take advantage of any such change.

He has now raised the banner of left-wing nationalism in that part of the political spectrum vacated by the mainstream of the Socialist party.

David Buchan in Paris talks to maverick Socialist politician Jean-Pierre Chevènement

Mr Chevènement is one of France's great resigners. He quit as industry minister in 1983 in protest at his party's rightward economic lurch, abandoned the Defence Ministry in early 1990 rather than lead France into combat against Iraq, and in July resigned from the Socialist party executive to be free to wage war against Maastricht. Since then, he has founded the Mouvement des Citoyens, dedicated to overthrowing the European union pact.

Will he try to turn this movement into a proper political party, taking on the Socialists themselves? At this point Mr Chevènement, interviewed yesterday in his office in Paris' 16th arrondissement, hesitates with uncharacteristic caution. "We will see what happens on September 20," he says, hinting that the turning point could come at a second convention scheduled for his Mouvement des Citoyens later this year.

He has few supporters in the parliamentary Socialist party; seven deputies in the national assembly and two senators joined him in voting against altering France's constitution to accommodate Maastricht. "But in the electorate, there are thousands and thousands of voters who have been disinherited," he says. "Among the broad left, from the extreme left to centre-left, there is perhaps one third, and according to some opinion polls as much as 40 per cent, who are ready to vote against Maastricht."

Some of these come from communist supporters of Mr Philippe Herzog and of Mr Charles Fiterman, with whom Mr Chevènement was in government in the early 1980s. "But the Mouvement des Citoyens has also attracted left-wing Gaullists, while most of its supporters have no fixed political commitment," Mr Chevènement claims.

One would have thought Maastricht's defence provisions would have attracted this nationalist ex-defence minister, precisely because they have aroused such suspicion across the Atlantic. Not a bit.

"In the Maastricht treaty, there is the part - economic and monetary union [EMU] - which is written in ink, and the rest, including defence, is

written in pencil and is destined to disappear."

"One cannot have a strong European defence with feeble policies to put it into practice," says Mr Chevènement, citing the general decline in European defence spending and the apparent crumbling of European collaborative defence projects to the probable gain of US military contractors.

"The key to Maastricht is 'monetary union, and the deflationary criteria for it, which will force a number of EC countries to pursue austerity at one and the same time. Italy, the UK, Spain, even the Netherlands and Germany will have to submit to a totally unreasonable degree of discipline'."

There is, Mr Chevènement says, "a certain masochism in this treaty". If Maastricht-style austerity closes French export markets in the rest of the EC, "the only motor which keeps the French economy going these days will stop".

The former minister denounces the outdated vision of "l'Europe des retrotrois" (Europe through the rear mirror) enshrined in Maastricht and urges a new "pan-European initiative for growth"

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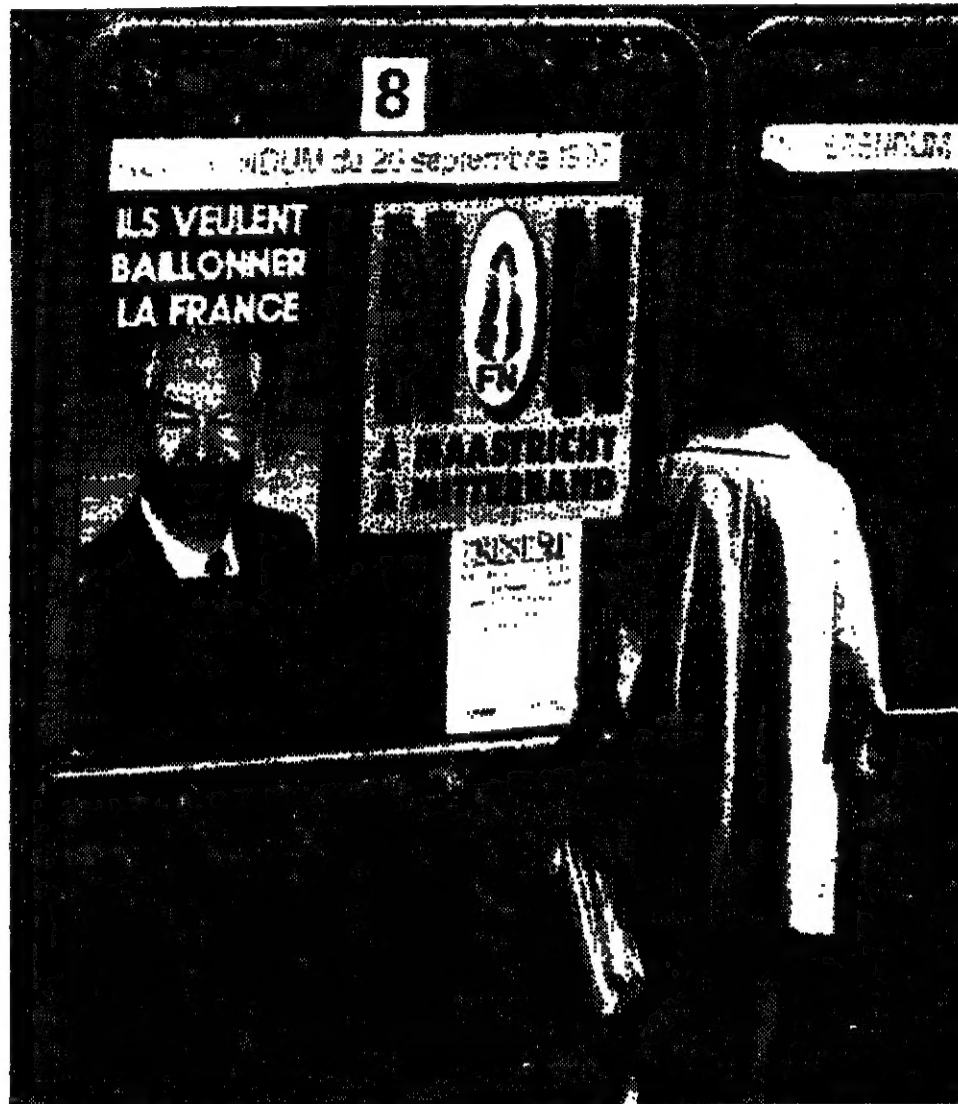
Jean-Pierre Chevènement: few supporters in party

encompassing newly-liberated but unstable eastern Europe.

This region needs open markets in western Europe. But with Maastricht, low growth in the EC will make that impossible. Like almost all French politicians, Mr Chevènement believes the EC should open up to industrial rather than agricultural goods from the east.

Does not part of his political opposition to Maastricht lie in the economic difficulties of his own region around Belfort, near the Swiss border? He does not deny the impact of steady local job losses in the car and computer factories of Peugeot and Bull, and his frustration in trying to remedy this.

Last year he pleaded for EC approval to get a French investment premium for the Belfort region. "We were told we couldn't have this, because our GDP per capita was above the EC average. Of course it is. We produce high-value goods. Who made up this rule? Not any parliament, but just a bunch of bureaucrats."



A Parisienne looks at a National Front poster opposing the Maastricht Treaty, showing a gagged party leader Jean-Marie Le Pen and reading "They want to stifle France"

## González move rejected

By Peter Bruce in Madrid

THE Spanish parliament yesterday turned down an attempt by Prime Minister Felipe González and his government to ratify the Maastricht Treaty before the French referendum on the treaty on September 20.

The move robs Mr González, who has already intervened personally in the French debate, of a further opportunity to signal Spain's enthusiasm for Maastricht to French voters.

However, the Spanish parliament had not been expected to agree to hasty ratification. Although the Socialists have half the seats in the parliament, the parliamentary party saw little to be gained by forcing an early vote.

Spanish ratification is a virtual certainty, as there is little opposition to Maastricht. A first step was taken this summer when parliament voted to adapt the constitution to the treaty by agreeing to allow foreign signers to vote in local elections.

The only difficulty in allowing ratification to take longer is that parliamentary debate could be delayed until next year and become embroiled in electioneering. Mr González has to hold a general election by October 1993 and could call it next spring.

However, European union promises little trouble politically for the government. Practically all the parties and the main union leaders support the EC treaty changes agreed last December.

Opposition parties are having difficulty turning Mr González's support for Maastricht, and his contribution to President François Mitterrand's campaign, to their advantage. Their best effort has been to attack him for being "undemocratic" because of his refusal to call a referendum, thereby denying Spaniards the opportunity to vote Yes.

The government has no intention of calling a referendum. Facing quite severe economic trouble, it fears a referendum campaign would quickly turn into a general election war.

Mr Javier Solana, the foreign minister, said this week that Spain would ratify Maastricht even if the French voted No this month.

## Milan share prices improve

By Robert Graham in Rome

SHARES on the Milan stock exchange recovered slightly yesterday as dealers reassessed the outcome of the French referendum on the Maastricht Treaty and speculators' nerves steadied after the sharp falls in the past week.

Prices on average rose 1.6 per cent, clawing back part of the 3.02 per cent fall on Monday triggered by concerns over the impact of last Friday's 1.75 point rise in the discount rate which in turn forced commercial banks to raise their own prime rates.

The lira again reflected market sentiment about an eventual realignment and fell back from Monday's fixing against the D-Mark of 763.40 to 764.

Dealers described the lira as having entered a phase of "armed truce" against the D-Mark, with the Italian authorities having made clear their determination to defend the parity.

The precarious position of the lira and the need to regain international confidence was emphasised yesterday by Mr Andrea Monorchio, comptroller general of the public accounts.

He told a parliamentary commission yesterday that the Amato government had to give a "strong signal" and intimated that it had to consider even tougher measures than had already been prepared in the 1993 budget to reduce the public sector deficit. Each one percentage point rise in the discount rate, he said, raised the government's needs by L15,000bn (\$14bn) in a full year.

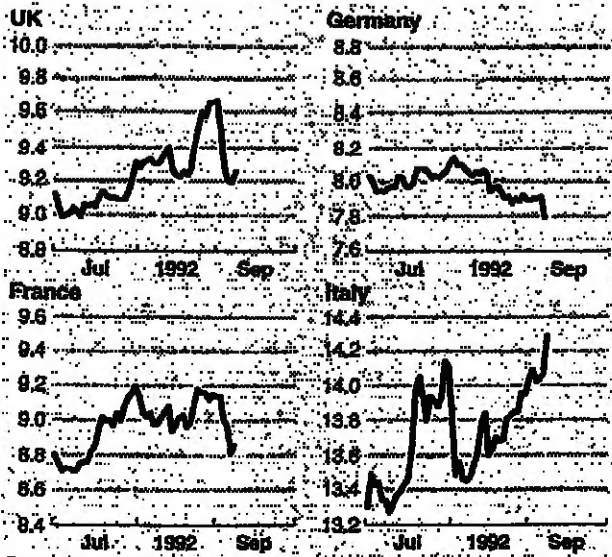
## How unity sentiment hits the bond markets

IN THE run-up to the French referendum on the Maastricht Treaty, the Financial Times will show the impact of political developments on the French, German, Italian and UK government bond markets by tracking the movements in

bond yields, writes Sara Webb. Denmark's rejection of the treaty in June dealt a blow to

Europe's government bond markets by casting doubt on prospects for European union.

### 10-year benchmark yields (%)



Until then, investors had hoped to benefit from the convergence in European inflation rates and interest rates: they had invested in the higher-yielding bond markets, such as Spain and Italy, assuming that as Spanish and Italian interest rates converged with those in Germany they would make a profit on their bond holdings.

Denmark's rejection of the treaty made them wary of the high-yielding markets - a reaction which has been accentuated by fears about the French vote.

If France looks like backing the treaty, the high-yielding markets such as Italy - and to a lesser extent, France and the UK - are likely to benefit and show a fall in bond yields. If France looks set to reject Maastricht, these markets will see a rise in yields (corresponding to a fall in bond prices), while German bonds are likely to gain as investors seek the safety of the D-Mark.

## Top Communist under pressure

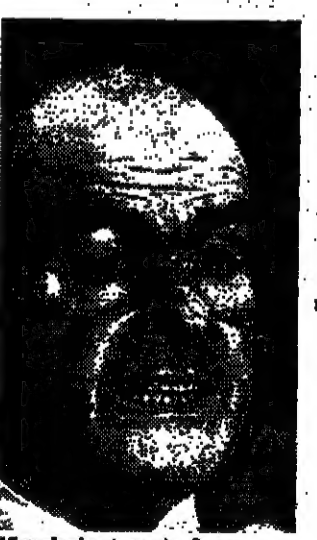
Mr Georges Marchais, secretary general of the Communist party

THE 72-year-old Mr Marchais has led what must be one of the last bastions of Stalinist orthodoxy in the world for the past 30 years.

The Maastricht treaty's emphasis on economic liberalism and its social democratic values go against all his beliefs. His party supporters, who represent less than 10 per cent of the national vote, follow that line loyally.

Even if there is no significant split on Maastricht among the Communists, Mr Marchais is under constant pressure from the growing minority in his party who want to update its creaking ideologies. He created turmoil in the ranks last month by admitting, on his first trip to the US, that the theory of democratic centralism might have had its day.

But apart from that, Mr Marchais has played his anti-Maastricht campaign true to form, warning that the treaty will add to unemployment. He has



Marchais: true to form

urged voters to keep domestic politics out of the debate. If only because Mr Marchais knows that it is not in the Communists' interests to provoke a general election. Their popularity has suffered badly since the last legislative poll in 1983.

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## NEWS: NORDIC MARKETS IN TURMOIL

## Sweden's limping economy takes a fresh body-blow

By David Marsh, European Editor

At 5pm on Monday Mr Carl Bildt, the Swedish prime minister, headed back to his armchair at a London hotel and declared candidly that Sweden's interest rates were "going to come down".

Roughly 32 hours later, the world knew differently. Mr Bildt flew back to Stockholm with his own political future looking even more complicated than when he left.

The Bank of Sweden's drastic increase to defend the krona adds up to a further depression on the Swedish economy. "We had been thinking that, if we were lucky, we might get zero growth next year," Mr Björn Jonsson, chief of economic analysis at Skandinaviska Enskilda Banken in Stockholm said yesterday. "Now, it could be a minus."

The further dose of economic gloom comes as Sweden is enduring its worst recession since the 1920s. This will increase pressure on Mr Bildt's minority conservative administration when it tries to push through parliament fresh cuts in spending to restrain the sharply rising budget deficit.

Mr Bildt on Monday prom-

ised no let-up in Sweden's tough economic policy, which has brought inflation - at 2.2 per cent - to below the German level. He promised to cut social security further and to maintain the krona's link to the Ecu. "The markets must be persuaded that we are going to stay on course. This is not a recipe for being popular."

The firm line was repeated yesterday in Stockholm by Mrs Anne Wibble, the Swedish finance minister.

Money market rates - to which much of Swedish corporate and personal loans are linked - yesterday showed a much smaller rise of up to 3

per cent. Swedish economists believe that, provided yesterday's action triggers the return of large flows of speculative capital, the Riksbank will be able to bring down interest rates again before long.

If that does not happen, the pressures to lower the level of the krona will grow. This might take place as part of a general realignment of currencies within the European Monetary System, of which Sweden is not a member.

According to Mr Ola Virin, chief economist at the Swedish Industry Federation, the main negative effect on business is the uncertainty caused by the

two separate rounds of interest rate tightening. In view of competition between forest industries in Sweden and Finland, the markka devaluation could bring considerable problems for Swedish producers, he warned.

Mr Nils Lundgren, chief economist at Nordbanken in Stockholm, said the chief worries for business will arrive if the interest rate squeeze continues for more than about three weeks. A combination of a low dollar rate, a slow recovery in the US and Europe, and continued nervousness on the foreign exchanges could add up to a "disastrous" outcome.

## What the interest rate rise means for Sweden



**Companies:**  
Big companies can still borrow at prime lending rate (15.5% prior to yesterday's action). Small and medium-sized companies face greater uncertainty over funding. All companies lose competitiveness against Finland.



**Individuals:**  
Mortgage rate prior to rise 14%. 25% of mortgage loans linked to 3-month money market rate (+0.2% yesterday) 75% of mortgages linked to long-term capital market rate. Owner occupation rate above 40%.



**Economy:**  
Economic contraction likely to continue into 1993. Doubling of budget deficit to SKr140m almost certain this fiscal year. Government reaffirms policy of seeking more spending cuts.

## Insurers' shares plunge

By Richard Lapper

THE gloom enveloping Scandinavia's battered insurance sector deepened yesterday when the share prices of Swedish insurers fell sharply amid fears of heavy credit insurance losses.

Shares in Sweden's two biggest companies, Trygg Hansa and Skandia, plunged following reports that the credit insurer, Svenska Kredit could face losses of SKr5bn (£500m) to SKr10bn (£1bn). Skandia and Trygg each own 47 per cent stakes in Svenska.

Insurance shares were also hit by interest rate worries following the Swedish government's decision to raise marginal lending rates by 8 points.

Trygg fell by 5 krona to close at SKr27, while Skandia fell SKr7½ to close at SKr55. Yesterday's falls follow a steady erosion this year in share prices of the region's insurers, which have been damaged by property and investment losses.

"Investors have been badly burned. They are not interested in Scandinavian financials at any price," says Mr Jonathan Walker, analyst with Baring Securities.

## Finland's coalition at risk

By Robert Taylor in Helsinki

THE financial crisis in Finland puts its fragile centre-right coalition government at risk.

Mr Esko Aho, Finland's prime minister, said there was no question of anybody resigning over the central bank's decision to float the markka. But his cabinet faces painful decisions on how to cut government spending further to convince sceptical international money markets that it can control the budget deficit, which may reach FM160bn (£2bn) in this fiscal year.

Yesterday ministers were saying that Finland needed a wage freeze, tax increases on export industries to finance aid to the ailing banking sector and cuts in social benefits. Last week's budget proposals for 1993 called for a 10 per cent cut in some social benefits but this was not enough to satisfy the markets.

The problem is whether voters will go along with further erosion of living standards. A poor showing by Mr Aho's Centre party and its Conservative allies in next month's local elections could lead to a new coalition, possibly including the social democrats.



TOUGH STEPS AHEAD: Finnish prime minister Esko Aho and finance minister Uro Viinanen in Helsinki yesterday

## EMS tensions take toll of Nordic markets

Sara Webb explains the factors behind yesterday's financial drama

NORDIC bankers used to joke that when Finland sneezed, Sweden caught a cold - and vice versa. The joke is beginning to grow stale. Over the last year, whenever there has been a crisis of confidence in Finnish economic policy, Sweden has suffered a knock-on effect and the Riksbank, Sweden's central bank, has been forced to push up domestic interest rates to protect the krona.

Late on Monday night, Mrs Siiriia Hämäläinen, the governor of the Bank of Finland, informed her Nordic counterparts that Finland was considering scrapping the link between the Finnish markka and the Ecu, preparing them for the official announcement made early yesterday.

The Finnish markka fell in the foreign exchange markets yesterday morning with the Ecu appreciating by 15-16 per cent against the markka. Finnish government-bond yields were at first forced up in hectic trading, although yields ended lower on the day.

In Sweden, the Riksbank increased its marginal rate (the key lending rate to the banking system) by 8 percentage points, from 16 per cent to 24 per cent to prevent a dramatic outflow of currency.

Q. Why has Finland decided to abandon linking the Finnish markka to the Ecu when it only recently introduced the peg?

Finland decided to apply for EC membership earlier this year and the link of its currency to the Ecu in June 1991 was intended to signal its desire for a closer monetary relationship.

However, the recent tension within the Exchange Rate Mechanism of the European Monetary System has taken its toll on the Nordic markets. Many international investors are worried about the possibility of a realignment in the

financial markets that the Bank of Finland's reserves had been almost depleted by these measures. Mr Jörn Donner, a Bank of Finland parliamentary supervisor, said yesterday that the bank's reserves yesterday "were probably eaten up". The central bank itself denied this and said it still had "substantial reserves". However, in the end, it decided that these measures were not enough to prop up the currency and decided to let the markka float.

The decision frees the central bank from supporting the markka with high interest rates at a time when the Finnish economy is in recession.

The Bank of Finland has stressed that this is not a formal devaluation - however, the effect of allowing the markka to float is tantamount



to allowing a depreciation of the currency. Once the currency has stabilised, it is likely the Bank of Finland will link it to the Ecu again.

Q. Why has Sweden been forced to raise interest rates on such a dramatic scale?

Nervousness about the state of the Swedish economy and tensions within the ERM sparked a sharp outflow of capital from Sweden last month, forcing the Riksbank to raise its marginal rate on two occasions.

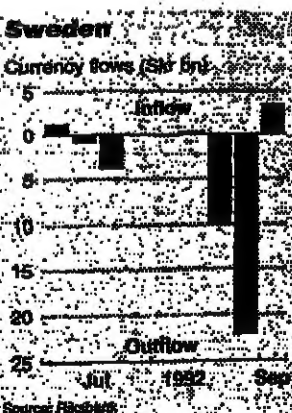
Yesterday's large rise in the marginal rate - from 16 per cent to 24 per cent - was intended to give the financial markets a clear signal that Sweden wants to defend the krona.

Mr Claes Norgren, deputy governor of the Riksbank, said: "After Finland's decision to float, we needed to be on the early track to prevent a currency outflow." He added that the measure was intended "to demonstrate the firmness of monetary policy". He denied that there were any plans to float the krona.

Q. Who is responsible for withdrawing capital from Finland and Sweden?

The Bank of Finland claims that the Finnish corporate sector in general is moving currency out of the country with foreign investors playing an almost insignificant role in the capital flows. Many foreign investors pulled out of Finland last year after the devaluation.

However, in Sweden, the Riksbank said that both domestic and foreign investors were responsible for the capital movements.



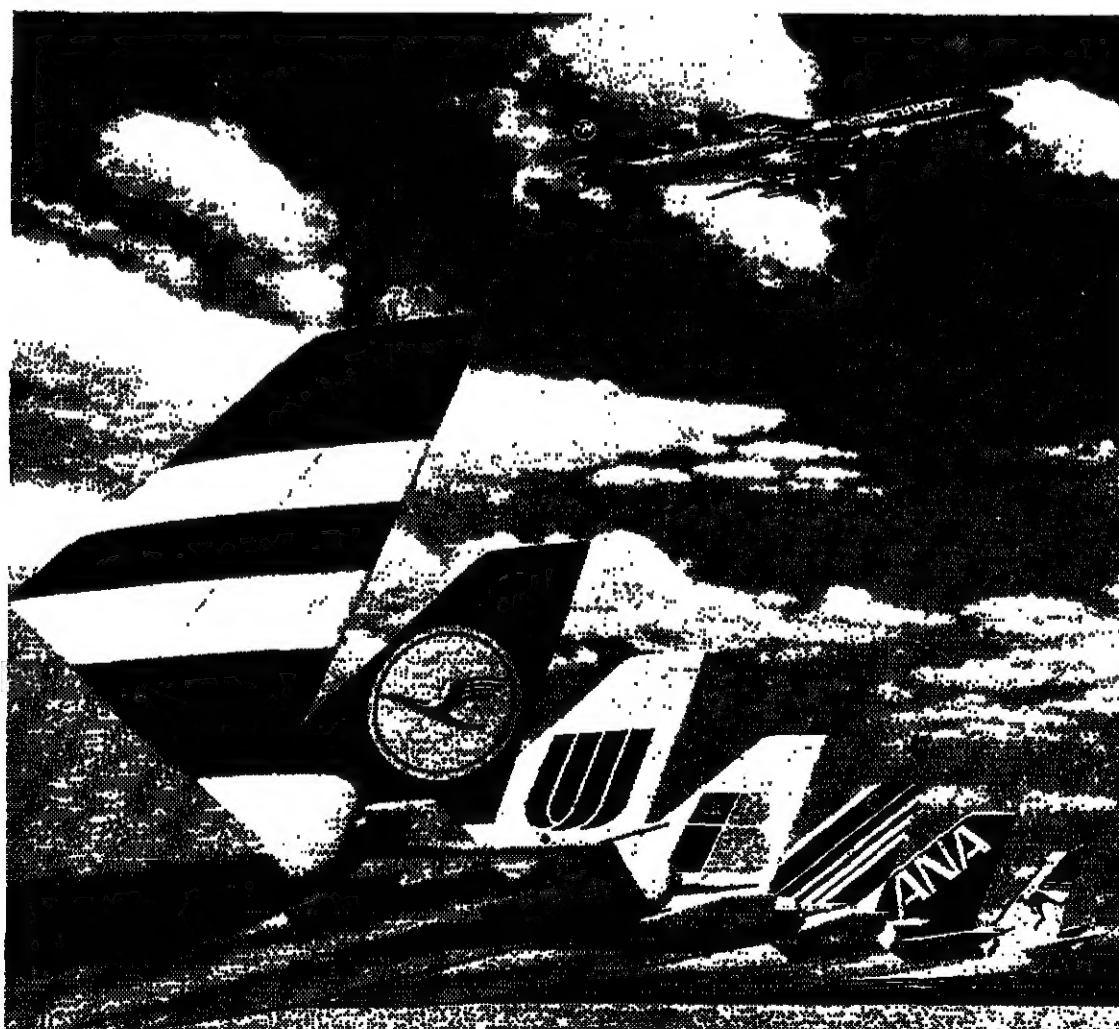
ERM and the impact this would have on the Nordic markets, and as a result, capital has flooded out of the region.

Over the last week, the Bank of Finland has taken several steps to defend the markka. It has been forced to intervene to defend the markka every day and in increasing measures. It has operated in the forward market - and will therefore have to meet these commitments soon, and it has drawn on swap agreements with other European central banks.

There were rumours in the

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## NEWS: EUROPE

## Tear gas fired at Athens strikers

By Kerin Hope in Athens

POLICE and striking workers clashed outside parliament in Athens yesterday a few hours before the introduction of a law reforming the state pension system.

Bystanders fled as police fired tear gas at the strikers, but there was little chance of escaping the fumes. A traffic jam, the result of a traffic light failure across central Athens, added to the chaos in the city centre.

A two-week strike by electricity workers, demanding to be excluded from the pension reform, has led to twice daily power cuts in the capital. Transport, banking and postal services are also affected by intermittent walk-outs.

The new pension law, to be debated over the next week, is seen as the severest test yet of Prime Minister Constantine Mitsotakis's resolve to carry through the toughest economic programme since the second world war.

With state pension payments



A protester builds a burning barricade across a street in central Athens yesterday. Traffic jams added to the chaos

this year forecast to reach Dr2,172bn (\$12bn), equivalent to almost 40 per cent of government spending, the system needs an overhaul. Also, the government must cover an

expected Dr250bn shortfall in contributions to the National Welfare Foundation, the main state pension organisation, as well as servicing its accumulated debts of Dr205bn.

Reducing pension obligations is seen as an important part of attempts to cut government borrowing from almost 14 per cent of gross domestic product last year to the Maastricht

requirement of 3 per cent. The new law calls for increasing contributions, cutting special allowances and gradually raising the retirement age to 65, on the job.

## E German competitive disadvantage shown

By Quentin Peel in Bonn

REAL gross domestic product (GDP) in the former East Germany fell by 11.4 per cent between the second half of 1990 and the same period of 1991, according to the first official statistics recalculated on a comparable basis with the rest of Germany.

During the same period, the number employed fell faster - by 18.7 per cent - so that labour productivity actually rose by 9 per cent over the year, according to the Federal Bureau of Statistics.

Even so, labour productivity in eastern Germany only stood at 32 per cent of the level in western Germany in the second half of 1991, underlining the severe competitive disadvantage of industry in the east.

Gross wages per employee increased from DM1,390 per month to DM2,230 (\$1,585) during the 12-month period, an increase of 53.9 per cent, in contrast to the absolute decline in economic activity.

The statistics, still described as preliminary, nonetheless represent the first to be recalculated on a comparable basis with the rest of Germany. They

show how essential public-sector spending has been in preventing an even more drastic fall in economic activity, and how the economy appears to have bottomed out in the first quarter of 1991.

Thus the GDP fell from DM58.4bn in the third quarter of 1990 to DM43.8bn in the first quarter of 1991 - a drop of more than 27 per cent in six months. Between then and the

last quarter of 1991, it recovered to DM50.1bn.

In the same period private consumption fell from DM47.7bn to DM40.9bn in the first quarter of 1991 and recovered to DM50.4bn at the end of the year, fuelled by unemployment pay, the conversion of savings accounts into D-Marks and consumer credit.

In contrast, public sector spending rose sharply from

DM17.9bn to DM27.8bn between the third and fourth quarters of 1990, fell back to DM17.7bn in the first quarter of 1991 (probably as a result of sheer spending limitations in the collapsed public sector) and recovered steadily to reach DM25.6bn in the last quarter of the year.

Exports, traditionally to eastern Europe and the Soviet Union, were totally stagnant: starting at DM16.5bn in the third quarter of 1990, they were marginally down at DM16.4bn at the end of the period.

Imports, on the other hand, soared from DM35.6bn at the start of the period (the first quarter after economic and monetary union between the two halves of Germany) to DM61.4bn at the end.

	1990				1991			
	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
Gross domestic product (DMbn)*	58.4	53.1	42.5	44.9	46.7	50.1	50.1	50.1
GDP per person employed (in DM)	6,700	6,600	5,500	6,100	7,000	7,500	7,500	7,500
Gross monthly wages (DM)	1,290	1,430	1,500	1,650	1,930	2,220	2,220	2,220

\* 1991 prices.

## IMF warning on burdens carried by Polish economy

By Anthony Robinson and Christopher Robinson in Warsaw

A VISITING IMF team has warned that Poland's economic recovery is still threatened by deteriorating public finances, the effects of this year's severe drought and the low profitability and high debt of most state-owned enterprises.

However, the team said it was encouraged by a sharp growth of industrial production, lower inflation and rising exports and yesterday praised the Polish government for putting together an "impressive" package of economic stabilisation measures. The package should lay the foundation for sustained growth and restore financial equilibrium, said the

IMF team which was completing a week of talks.

The assessment clears the way for formal negotiations next month on a new letter of intent.

The aim of the Polish government is to finalise a new 15- to 18-month IMF loan agreement before the end of the year followed by a resumption of debt reduction talks with commercial bank creditors represented by the London Club.

Mr Michael Deppler, deputy director of the IMF's European Department who led the mission, said the public finance adjustment problem reflected three years of rising expenditure on pensions and other social programmes and declining revenues.

Social spending rose from 11

to 21 per cent of GNP between 1989 and 1992 while state revenues fell from 36 per cent of GNP in 1989 to 26 per cent of a lower GNP this year.

"The solution is to raise revenue and cut spending and that is what the government plans to do," he added.

The finance ministry plans to raise turnover taxes prior to the introduction of a value added tax next year, impose a 10 per cent surcharge on 75 per cent of Polish imports and allow inflation to erode the real value of tax allowances and pensions.

The government also plans to improve the management of state enterprises, speed up mass privatisation and restructure the finances of both banks and enterprises.

## Insurance pay claim under fire

By David Waller in Frankfurt

THE UNION representing 230,000 employees in the western German insurance industry yesterday signalled its reluctance to exercise wage restraint and demanded a pay rise of 7.5 per cent for 1992-93.

The Bonn-based insurance employers' association said the claim was too high, given difficult conditions prevailing both in the insurance sector and the German economy as a whole. The Bundesbank is urging settlements of around 3 per cent for next year.

Mr Gerhard Benner of DAG, the white collar union representing private sector insurance workers, said the claim was justified in the light of rising business volume in the insurance industry, which would eventually feed its way into profits, and because of rising material burdens faced by employees.

The claim does not cover insurance employees working in eastern Germany, who at present get 75 per cent of the wages paid to colleagues in the west.

## Sarajevo 'soon out of supplies'

By Frances Williams in Geneva

FOOD stocks in Sarajevo are dwindling rapidly and the city could run out of supplies by the end of the week, the United Nations High Commissioner for Refugees said yesterday.

However, UN officials warn that international relief flights to the Bosnian capital, suspended last Thursday after the loss of an Italian transport aircraft, are unlikely to be resumed in the next few days.

The UNHCR has stepped up road convoys to Sarajevo from Split in Croatia to offset the airlift suspension. But a shortage of trucks and drivers means the city is receiving only half its daily food needs of 180 tonnes.

Ms Sylvana Foa, for the UNHCR, said yesterday that only 100 tonnes of flour and 90 tonnes of rice remained in its Sarajevo warehouses. Ms Foa said 200 trucks were needed to transport the 14,400 tonnes of food a month needed for nearly 1m people in southern and central Bosnia, including the 380,000 residents of Sarajevo. To transport other essential supplies, including

shelter materials for the winter, would require 500 trucks and drivers. The UNHCR has fewer than 50 trucks, though more have been promised.

Representatives of the three warring factions in Bosnia-Herzegovina will today give UN officials in Geneva their response to proposals to improve the security of humanitarian flights. These include a ban on military flights, better co-ordination on the ground to ensure relief flights are correctly identified, putting all anti-aircraft weapons under UN supervision and expanding the UN weapons monitoring zone around the airport.

However, Mr Fred Eckhardt, spokesman for Mr Cyrus Vance and Lord Owen, co-chairmen of the international conference on ex-Yugoslavia now permanently in session in Geneva, said it was "probably unrealistic" to assume that the meeting would result in an immediate resumption of the airlift. Any assurances given by the combatants would first have to be weighed by the 19 governments involved in the airlift operation.



Isabelle Clavola, ballerina, photographed in a rehearsal room at the Paris Opera Garnier.

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## Russian offer to ex-Soviet states on debt

By Leyla Boulton in Moscow

RUSSIA is pressing other republics to give up claims on assets of the former Soviet Union in return for its full responsibility for a \$70bn foreign debt which it hopes to reschedule later this month.

Mr Alexander Shokhin, the deputy prime minister responsible for foreign economic relations, said Belarus, Turkmenistan and Kyrgyzstan already agreed to give up claims in bilateral agreements with Russia.

Mr Shokhin said that after the failure of the December agreement to assume joint and several responsibility for the debt, Russia, which had so far been carrying the debt burden alone, could only afford \$2.5bn-\$3bn a year in debt repayments. The assets include embassies and gold reserves but Mr Shokhin said that republics mistakenly believed that they were worth more than the former Soviet Union's liabilities.

Debt repayments due before any of the debt deferrals which have already been agreed, or any rescheduling which may be clinched in future, came to \$20.5bn in 1992 and would be \$16.5bn next year, according to

a study by a western bank advising the government.

Mr Shokhin, who will be discussing the debt issue with western finance ministers at next week's annual session of the International Monetary Fund and World Bank, said he hoped a rescheduling would be agreed by Paris Club creditors when they meet in the French capital later this month.

He also charged that negligence by the central bank was partly responsible for the recent sharp fall in the rouble.

A group of western and Russian experts funded by a \$3.5m grant from the World Bank is to help prepare textbooks and a programme of training in market skills needed to operate a market economy in Russia, writes Dmitry Volkov in Moscow. Professor Richard Layard, who also advises the Russian government, said "millions have to be trained in commercial skills" such as accounting and banking.

The programme is aimed at giving short professional training courses of six to seven months to Russian professionals who lose their jobs as a result of the switch to a market economy, as well as to school leavers, and men who retire early from the army.



A troop withdrawal pact is exchanged between Lithuanian defence minister Audrius Butkevicius (front, left) and his Russian counterpart Pavel Grachov in the presence of Russian president Boris Yeltsin and Lithuanian leader Vitautas Landsbergis

## Yeltsin speeds up troop pull-out from Lithuania

PRESIDENT Boris Yeltsin yesterday agreed to withdraw 20,500 troops stationed in the Baltic republic of Lithuania by next August, writes Leyla Boulton in Moscow. This is

despite a shortage of housing for them back home.

An agreement signed yesterday follows persistent clamouring by the three newly independent Baltic states for

an instant withdrawal of former Red Army troops on their territory. Lithuania which has been the most generous in its treatment of Russian minorities on its soil is the first

republic to win such a promise. Estonia and Latvia, which have much bigger Russian minorities, have placed tough restrictions on which Russians can acquire local citizenship.

## NEWS IN BRIEF

### Christian Democrats probe Calabria scandal

THE Christian Democrat leadership has decided to send a senior representative to Reggio Calabria to assess the consequences of the arrest of 12 of its leading members on alleged corruption charges on Monday, writes Robert Graham in Rome.

Those arrested include four ex-mayors of the southern city and two Christian Democrat members of parliament, along with another Republican deputy. The charges all bear similarity with those levelled in the Milan municipal corruption scandal - the concession of public works contracts in return for kick-backs for illegal financing of political parties. Also allegedly involved are two executives of construction companies. Mr Vincenzo Lodigiani, head of his family company of the same name and Italy's second largest construction concern, and Mr Giorgio de Camillis, managing director of Bonifica.

### Multinationals organise in Hungary

Multinationals in Hungary are seeking to translate economic weight into political influence by setting up a lobbying group, writes Nicholas Denton in Budapest. The Hungarian subsidiaries of 15 companies, led by Philips, General Electric and Ford, and representing \$1.3bn of \$1.2bn in foreign investment, have founded the Hungarian Association of International Companies.

### Contract to destroy chemical arms

Two German companies have signed an agreement with Russia to destroy chemical weapons of the former Soviet Union, writes Andrew Fisher in Frankfurt. A joint venture will be formed between Metachim Progress, a Russian company, and Deutsche Aerospace and Lurgi (part of Metallgesellschaft).

### Austria tackles scrap cars problem

Austria has established a compulsory system for recycling all derelict cars, writes Ian Rodger in Vienna. A voluntary agreement has been reached that requires car dealers to take back an old car or van without charge when a consumer buys another.

## Romanians chase paper profits from privatisation

Virginia Marsh reports on efforts to bury suspicion of capitalism

THE pedlars in Bucharest's University Square have a new ware to hawk this summer: privatisation vouchers.

Trade is brisk. Since June 1, when the National Privatisation Agency (NPA) opened registration, more than 4.8m vouchers have been issued to the public.

The public is to receive vouchers for 30 per cent of all shares in 6,200 state-run enterprises up for privatisation.

"It doesn't matter that people are trading their vouchers straightaway. The important thing is that for the first time in 40 years Romanians have a financial asset they can dispose of freely and which cannot be retracted," says Mr Tudor Nicolaescu, the NPA's director general.

Mr Nicolaescu says the past 12 months have produced noticeable results. For instance, more than 5,000 small businesses, restaurants, shops and factories, have been sold to the public.

About 5,500 small and medium-sized companies have been allocated to five Private Ownership Funds, into which domestic and foreign investors can buy and sell. A State Ownership Fund has been set up to manage and hold the equity of the commercial companies.

A pilot scheme was launched last month in an attempt to attract greater public support for the privatisation process. This involved selling Vranco, a clothes manufacturer, and Ursus a brewery.

"We needed a success to increase public confidence," said Mr Doru Tibertu, the NPA's general manager. "Many politicians and sections of the media have misrepresented what we have been doing. They are feeding fears that mass privatisation equals mass unemployment and that the country is being sold out to foreigners," he added.

The pilot scheme involved splitting Vranco's equity. Incom SpA, an Italian company, bought 51 per cent of the equity, while the remainder was divided between the company's 3,500 employees. In addition, Incom guaranteed jobs for two years, and undertook to invest \$5m over five years.

Ursus was privatised differently. The majority of its shares was sold via a public offer, while the remaining 49

per cent is expected to be sold to one or more strategic investors. The NPA hopes that the methods used to privatise the two companies will serve as a blueprint for future sales.

Yet, despite these successes, the NPA admits the scheme, which involves 30 companies, is progressing slowly.

Roland Berger, the German management consultants who are assisting Romania's privatisation through the European Community's Phare programme, attributes the delays in part to Romania's unpopularity with foreign investors.

"It remains difficult to convince western companies to look at Romania when they have other opportunities closer to home, and when the country's image in the media has been one of political and social instability," says Mr Michael Nagel of Roland Berger. The consultants helped privatise Vranco and hope to complete negotiations for Pantera, a shoe manufacturer, later this month.

Significantly, companies specialising in textiles, leather, and furniture making, considered amongst Romania's most promising industries, have attracted interest from German and Italian companies. This lingering, and inherent public suspicion of foreigners is being eagerly tapped by the country's political parties, which are in the middle of parliamentary and presidential election campaigns. The outcome of the elections could well determine the extent of any future foreign investment in Romania.

Political parties in the campaign are debating the pace and depth of reform during the country's transition to a market economy. Indeed, Mr Adrian Severin, head of the NPA, says the entire economic and political reform programme could become unhinged, as nationalist opposition parties regroup. These parties, such as the Vatra Romaneasca, are xenophobic and critical of any foreign involvement in the country.

Some of the opposition to reforms also comes from the National Salvation Front, which was catapulted into power following the overthrow of the Ceausescu regime in December 1989. The irony is that one of its leading members is Mr Severin.

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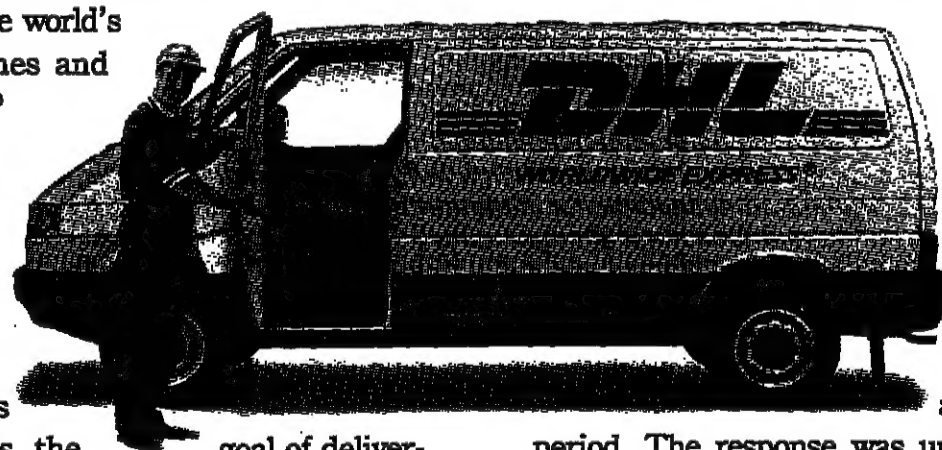
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Romanian Statistics - Selected Indicators				
	1989	1990	1991	1992
	Actual	Actual	Estimate	Projection
Real GDP growth (%)	-5.3	-8.4	-13.0	-5
Inflation (%)	0.6	37.7	222.8	115
Current account (a)				
(in bn of US\$)	2.9	-1.7	-1.4	-1.3
Debt service ratio (b)	32.8	3.9	3.2	4.5
Foreign Ownership			1,500	5,500
			joint ventures;	initial foreign
				capital (\$190m)
				capital \$129m

a) Convertible currencies only. b) Debt service in convertible currencies as per cent of exports of goods and services in convertible currencies. Source: European Bank for Reconstruction and Development, IMF, Romanian National Commission for Statistics. (Note: In 1990 most of the joint ventures are relatively small - 90 per cent have less than \$50,000 initial foreign capital; the vast majority in 1991 with the arrival of about forty multinational companies, each with more than \$1m initial foreign capital. See EBRD Quarterly Economic Review, June 1992.)



## NEWS: INTERNATIONAL

## Angolan rivals edge towards coalition deal

By Julian O'Connell in Nairobi

ANGOLA'S ruling MPLA party and the former rebel movement Unita were edging towards agreement yesterday on forming a government of national unity immediately after this month's elections.

The two sides, which waged a 15-year civil war, were said by western observers in Luanda to be close to signing a formal agreement in the face of heavy international pressure to remove the violent tension which has marked the transition to peace and democracy.

Considerable mistrust continues to mar relations between Unita and the MPLA but there are growing signs that both sides recognise the value of a coalition government. If the agreement is reached it could mark a fundamental turning point for an economy which could be one of Africa's economic powerhouses. A reform programme aimed at tackling the effects of years of mismanagement, a \$9bn (\$4.5bn) external debt and an over-valued currency has been overshadowed by political tensions.

A power sharing deal would significantly reduce prospects for widespread election violence in Angola's first free polls on September 29 and 30. The fact that such an agreement is on the table also marks how far the two parties, once bitter ideological rivals during the cold war, have converged towards a common economic and political platform since a

peace accord was signed last year.

Intense meetings have been taking place in Luanda in the past few days between Unita and the MPLA. On Monday Mr Jonas Savimbi, the Unita leader, met with President José Eduardo dos Santos for only the third time since he returned to the capital last September.

Observers in Luanda said they discussed the idea of a coalition government, which was approved by a Unita National Convention meeting in the southern port city of Lobito 10 days ago. They also agreed that both sides would disarm their armies before the elections and speed efforts to form a smaller combined national defence force.

Without a coalition agreement observers have been predicting that neither side would accept defeat and but incite ethnic violence over election results. Unita has its stronghold in the southern Ovimbundu tribe, which accounts for 35-40 per cent of the population and the MPLA draws its support from the Mbundu, who form a quarter of the population.

Little divides the two parties on economic policy. Both subscribe to the free market structural adjustment policies set out by the International Monetary Fund and the World Bank - although Unita can point to a long-standing commitment to capitalism in contrast to the MPLA's relatively recent conversion from Marxism.

## Hizbollah and allies prove electoral power

By Roger Matthews, Middle East Editor

HIZBOLLAH, the Iranian-backed Shia Muslim group and Amal, its Syrian supported ally, yesterday completed their electoral triumph in Lebanon, virtually sweeping the 23 seats contested in the third round of voting held in the south of the country.

After strong showings in both the east of Lebanon and in Beirut, the 22 candidates of Hizbollah and Amal on the so-called "Liberation List" were elected along with a solitary Sunni Muslim Independent from Sidon.

Mr Nabih Berri, Amal movement leader, Sunni Muslim Bahiya Hariri and two Hizbollah (party of God) candidates topped the list of parliamentarians elected in what was the final phase of the first general election for 20 years.

The victory for the "Liberation List", which campaigned on a platform of toppling south Lebanon's traditional leaders, was made easier by the refusal by the Christian communities

to take part in the poll. Muslim fundamentalists appear certain to be the largest ideologically coherent group in the new parliament and their success reflects similar trends elsewhere in the Middle East, most notably in Algeria.

The Christian minority, which had until the civil war dominated the country politically, boycotted the election claiming that it could not be fair while Syrian troops remained in Lebanon. They subsequently charged that the voting in each round had been rigged. Under the reformed constitution the Muslim and Christian communities were due to share the seats equally in the legislature.

However, the size of the victory of the Shia parties confirms what had been increasingly obvious since the outbreak of the civil war in 1975: that a redrawing of the Lebanese political map would inevitably give greater weight to the under-represented south and the urban poor.

Israel and the US attempted individually and jointly to

stem the political tide by shoring up the Christian Maronite minority during the first half of the 1980s, without success. With Lebanon participating in the Middle East peace process due to resume in Washington next week, the political complexion of the parliament becomes of greater importance should there be significant progress in the separate talks between Israel, the Palestinians and Syria.

Israel insists that it has no territorial claim to any part of Lebanon, but is unlikely to withdraw from the swathe of land it controls in the south until it has reached broad agreement with Syria on the Golan Heights.

If Israel is to withdraw from Golan, or a large part of it, it would clearly hope to negotiate a parallel withdrawal of Syria troops from eastern Lebanon. Although the success of Hizbollah and Amal might fairly reflect the mood of the most deprived section of Lebanon's population, there are also fears that it could spark a renewed burst of extremism.

## Armed UN troops for Somalia

By Julian O'Connell

THE first armed United Nations troops are due to arrive in the Somali capital Mogadishu on Saturday to start the most dangerous UN intervention in Africa since the Katanga crisis in Zaire in the 1960s.

In Mogadishu Brig Gen Shaheen, leader of the UN

force, said 60 Pakistani troops would fly to Mogadishu on Saturday and the rest of the 500-strong force would arrive the following weekend. Aid workers and western politicians say deployment of troops is critical to ensure distribution of food to Somalia's starving in a country rife with banditry.

Gen Shaheen said the 60 troop vanguard would set up a

camp at the airport and take control of it.

The announcement came as concerns grew about foreign companies turning Somalia into a dumping ground for toxic waste. In Nairobi officials of the UN Environmental Programme (UNEP) said foreign companies were exploiting the anarchy in the country to dump toxic waste offshore.

## Beijing still fears it will be saddled with debt

## HK hopes rise China will approve airport

By Simon Davies, In Hong Kong

THE joint Sino-British committee trying to break the five-month deadlock over financing for Hong Kong's multi-billion dollar airport project meets today amid growing local optimism that China is preparing to settle the dispute.

The meeting, between Chinese and British diplomats and senior Hong Kong officials, is the first since July. It is unlikely to lead to any immediate resolution, with the Chinese set to put forward new proposals which will have to be studied by the British team.

But the Chinese decision to return to the negotiations is seen as a hopeful sign. This is in part based on a prevalent local assumption that approval has been postponed to give the Chinese leverage ahead of an important policy speech to be given by Governor Chris Patten on October 7.

Chen Zu'er, deputy director of Hong Kong and Macao Affairs Office, said on Monday that the Chinese concerns

remain focused on the cost-effectiveness of the airport and whether the post-1997 government will be saddled with any debt.

Mainland officials have suggested the estimated \$2.1bn proceeds from the sale of land development rights for five sites along the airport railway should be used to provide direct government financing for the project. This is likely to form the core of the new proposals to the British side of the negotiation.

Chen said he approved of the idea of diverting funds from the land sales. But he was quick to deny suggestions of official leaking, saying that the idea had emerged from the people of Hong Kong rather than Beijing.

The British remain cautious in their expectations for the latest meeting. The leader of Britain's negotiating team, Mr Anthony Galsworthy, said yesterday the British group would need time to consider any new Chinese proposals, before any conclusion could be drawn and discussed at a later date.

But Mr William Purves, chairman of HSBC Holdings, said recently he was confident an agreement would be reached shortly and he is in a good position to know, as a member of the executive council, the governor's equivalent of a cabinet.

The deadlock started in mid-April, after the Chinese were presented with the finance package for the airport and related projects, which are expected to cost \$18.15bn (\$11.35bn).

The Chinese expressed concern over a \$18.2bn in "callable equity" which the government has guaranteed to cover overruns as a result of delay or other contingencies.

Another problem was escalating cost of the airport's rail-link. Chinese sources say there is no opposition to the project itself, but only to the financing.

Meanwhile, work on the airport is proceeding. On November 31 the offer closes from the Nishimatsu consortium, which was awarded the \$9bn airport site preparation contract.

## Japan fixes size of UN force

By Steven Butler in Tokyo

THE Japanese government yesterday announced it would send more than 1,800 troops to join United Nations peacekeeping operations in Cambodia over the next year, in the first overseas deployment of Japanese ground forces since the second world war.

The dispatch of troops from Japan's Self Defense Force, while still controversial, is a centre-piece of Japan's efforts to play a more active role in world affairs.

After nearly two years of bitter debate in the Japanese Diet, the government in June succeeded in obtaining passage of a bill authorising overseas dispatch of Japanese troops to join international peace keeping operations, under limited circumstances.

One condition is that a ceasefire must be in place. Opposition forces have argued that the refusal of the Khmer Rouge faction in Cambodia to lay down its arms made it impossible for the government to send troops to Cambodia. The government says however that the Khmer Rouge has still not rejected the ceasefire.

The decision to dispatch troops followed a formal request last week from Mr Boutros Boutros-Ghali, the UN secretary general.

Japan is to send eight soldiers as ceasefire monitors on September 17. They will be followed in mid-October by 600 army engineers, who will repair roads and bridges, and 75 civilian police officers. A total of 1,811 personnel are to be deployed during the year.

## Flat market

New apartments put on sale in the Tokyo area during August fell to a record low of 860 for the month, 8.2 per cent below a year ago, the Japan Real Estate Economy Institute said yesterday. Steven Butler reports. Sales, however, failed to keep up with a sluggish demand, with contracts being agreed on only 80.1 per cent of the new flats on the market.

## India urged to stick to reform

By Stefan Wagstyl, In New Delhi

THE Reserve Bank of India says India must stay on the path of economic reform despite persistent inflation, slow growth and the recent Bombay stock market scandal. The far-reaching liberalisation programme, which started a year ago in response to a balance-of-payments crisis, should be completed as quickly as possible, says the central bank in its annual report published this week.

The bank gives credit to the measures taken by the government of Mr P V Narasimha Rao, saying that recent macro-economic reforms have been managed satisfactorily.

But, echoing a concern frequently voiced in recent months, the reserve bank urges the government not to allow the reform programme to run out of steam. It says: "There is still a hiatus between policy formulation and implementation at ground level."

The reserve bank is particularly worried that the Bombay scandal, which involves alleged attempts by banks and brokers to circumvent investment rules, should not upset further

financial deregulation.

"It is important that the recent episode, though an unfortunate one, does not put back the clock of reforms."

The bank admits that the economic recovery in the 1992-93 financial year will be weaker than expected. It says that after falling in the year to June to 2.5 per cent, the real economic growth rate should rise to around 3.5 per cent. This is well short of the 5.8 per cent figure achieved in 1990-91. The rapid growth of the 1980s is now only a memory.

Growth has been held back by a fall in exports, including sales to former communist countries, and a government-imposed squeeze on imports, put in place last year to conserve foreign exchange.

To create conditions for sustainable growth, inflation has to be cut from last year's 13.8 per cent to 8-9 per cent this financial year.

Also, the government deficit has to be reduced, says the bank, calling for wholesale reform including a law which would establish a ceiling for public sector borrowing. It puts the country's total external debt at \$70bn at the end of March.

## Malawi dissident bailed

A MALAWI magistrate's court yesterday charged dissident Chakufwa Chihana with three counts of sedition and freed him on bail unconditionally, his lawyer said. Reuters reports from Lusaka.

Mr Bazuka Mhango told Reuters that Mr Chihana, who attended the court in the northern town of Zomba, was in good health and heading towards Malawi's capital.

"He has been charged with three offences related to sedition but we applied for bail and the magistrate ordered that he be released. He is now on his way home," Mr Mhango said.

The charges stem from statements Mr Chihana, 52, made in a July interview with the BBC shortly after his release from

detention on earlier sedition charges.

He had said he would continue to mobilise popular support to end the one-party rule of Mr Kamuzu Banda, self-declared life president who has held power since 1964 independence from Britain.

Banda, accused last week of continued human rights abuses by Amnesty International, says he still enjoys wide support.

Chihana is expected to appear in court on September 21 in connection with the first sedition charges following his return to Malawi from meetings in Lusaka with exiles last April.

He was re-arrested shortly after his release in July 1991.

## Contest in Asean for Apec HQ

By Peter Ungphakorn in Bangkok

INTENSE COMPETITION has developed this week between Thailand and Singapore over the proposed siting of a secretariat for the 15-nation Asia Pacific Economic Co-operation Group (Apec).

The two countries hope the secretariat could mean international prestige and future material benefits if Apec, which includes the US, Japan, China and Australia, develops as planned. The organisation so far has amounted to little more than a loose series of meetings.

Thailand is also seeking international endorsement that it has returned to normal politically after the crackdown on pro-democracy protests. Jakarta and Seoul are also candidates, but they are considered outsiders.

Apec accounts for half the world's gross domestic product and 40 per cent of international trade. It includes some of the world's fastest-growing economies.

Its members are: the US, Canada, Japan, South Korea, China, Hong Kong, Taiwan, Australia, New Zealand and the six members of the Association of South East Asian Nations (Asean), Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Since its launch in Canberra in November 1989, the group has held regular consultations on trade and economic issues.

Bangkok is hosting Apec's fourth annual ministerial meeting, beginning tomorrow. Since last weekend officials have been trying to achieve consensus on the secretariat. Meanwhile, Australia has proposed appointing an eminent person's group to draw up ideas for regional trade liberalisation.

## Thailand tries to boost its bank business

Thailand's cabinet yesterday approved rules establishing a Bangkok International Banking Facility (BIBF) that the government hopes will help the country become a financial hub for the region, AP-DJ reports from Bangkok.

The new rules cut taxes on a variety of banking activities as an incentive to encourage regional leading, an official at the Bank of Thailand said.

Loans must total at least \$500,000 to qualify and institutions must be licensed by a joint committee of the Bank of Thailand and the Thai finance ministry, the official said.

Thailand has 16 commercial banks, 14 foreign branch offices and roughly 50 representative offices of foreign banks. All would be eligible to apply for BIBF licences.



Prince Norodom Sihanouk, Cambodia's head of state, meets the press yesterday at Bangkok airport at the start of a three-day visit

## Australian skirmish over corporate crime

AUSTRALIA'S corporate watchdog is embroiled in a public brawl with the country's top prosecutor over its record of bringing white-collar criminals to justice, Reuters reports from Sydney.

Mr Tony Hartnell, chairman of the Australian Securities Commission (ASC), was yesterday forced to defend his organisation against claims by the Director of Public Prosecutions (DPP) that it was going

soft on corporate crime. "There must not be special rules for corporate criminals simply because they wear white shirts and carry briefcases," the DPP, Mr Michael Rosenfeld, told a parliamentary committee on Monday.

He said the ASC appeared to prefer civil rather than criminal action in corporate crimes and accused Mr Hartnell of using one rule for the rich and another for the

poor. "What the corporate criminal is really afraid of is going to prison," Mr Rosenfeld said.

Mr Hartnell, who became Australia's chief corporate crime fighter in July 1990, said Mr Rosenfeld's comments were bureaucratic in-fighting. He said: "Mr Rosenfeld and I totally agree with the proposition that serious fraud needs to be dealt with by the criminal system."

## Malaysia makes a pitch for off-shore financial haven

Kieran Cooke visits Labuan, Mahathir's dream of an East Asian equivalent of the 'Eldorados' off the US and Europe.

BUSINESS is brisk at the Casanova Bar in downtown Labuan. Girls from the Philippines, some recently working the bars round the now closing US military bases, have drifted south into Malaysian waters. The drink is cheap. The air conditioning is turned high against the tropical heat. A man from nearby officially-dry Brunei is knocking back doubles of top-shelf whisky.

Labuan is a 92-sq-km island in the South China Sea, about 100km off the west coast of the island of Borneo. To some it is as remote a place as is possible to find. But to the Malaysian government it is the new financial Eldorado, set to join the list of leading international offshore financial centres round the world. A high powered roadshow, led by Mr Anwar Ibrahim, Malaysia's minister of finance, is due this month to explain the attractions of Labuan to financiers in Los Angeles, Chicago and New York. Similar events are planned in Europe.

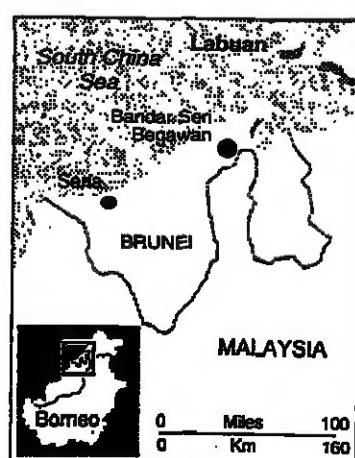
The idea of making Labuan an IOC (the Malaysian authorities studiously avoid the term tax haven)

was first mooted by Dr Mahathir Mohamed, Malaysia's prime minister, in 1989.

The rationale behind the project was straightforward. The bulk of the world's offshore financial centres are either off the coast of the US, in the Caribbean or clustered round Europe. East Asia is the most dynamic economic region in the world yet only Hong Kong and Singapore have any IOC status.

The Malaysian government felt that enough financial business was being generated in the region to justify the existence of another centre. Malaysia alone, with an economy growing at more than 8 per cent a year, needed the facilities of an IOC. A growing need was perceived to develop Malaysia's financial services industry: in the process the aim was to encourage progress in East Malaysia, one of the country's least developed regions.

Some Malaysians had to reach for the maps to locate Labuan. The sceptics have also been established on the island. Even experienced offshore operators in Singapore have been sur-



prised at the speed at which business has developed on Labuan. Since the island was officially declared open for offshore activities in October 1990 funds deposited with offshore banks are estimated at well over \$500m with loans issued more than \$400m.

While such figures hardly compare with the estimated \$200bn of offshore funds deposited in Singapore, most concede that Labuan has made a good start. "We always knew it would take time to develop business," says Mr Maimon Awang, manager of the Labuan Development Authority. "But so far we are very encouraged by the interest shown."

The ideas of Dr Mahathir, considered by many to be the principal architect of Malaysia's economic success, are not treated lightly. Labuan has been pump-primed with official funding and many hours of ministerial attention.

The government puts great emphasis on Labuan's minimal regulatory framework and the IOC's strict provisions on secrecy and confidentiality, though it has also said all applications for licences will be

"carefully screened" to exclude money laundering operations.

The government says Labuan's tax package is among the most attractive of any IOC. Offshore trading companies can elect to pay either 3 per cent of net profits or a maximum of M\$20,000 (\$8,000) on their operations. Hong Kong has a 16.5 per cent corporate tax rate; Singapore has a 31 corporate tax rate though many offshore activities are taxed at a lower level.

Mr Kamari Zaman, Bank Negara's manager on Labuan, says it is likely that more Hong Kong money will be attracted to Labuan in the run-up to 1997, when Hong Kong reverts to Chinese rule. There is also a great deal of Japanese interest, in particular from Japanese banks lending to companies investing in Malaysia.

"Some might think we are remote but Labuan is strategically placed, right in the middle of an expanding region," says Mr Kamari.

But Labuan faces several problems. Most financial operations on the island are still Malaysia-related. If it is to succeed it needs the presence of big foreign banks and other

financial institutions. Seducing the big players to set up on Labuan will not be easy. Many other IOCs have developed their operations in tandem with tourism. Though the government has poured millions into Labuan, infrastructure is limited. With only one direct Kuala Lumpur flight per day, most connections have to be made through long flights via East Malaysia.

Another problem the potential Labuan inhabitant faces is staff. There are only about 40,000 people on Labuan, a large portion of them immigrants from the Philippines and Indonesia. Skills are limited. Financial institutions will have to offer attractive benefits packages to attract and retain staff. While Labuan's corporate tax rate is low, personal tax rates are higher than either Hong Kong or Singapore.

Over the years Labuan has been known as a haven for smugglers. Now it wants to be a home to financiers. The Casanova bar is looking forward to a new clientele.



## NEWS: AMERICA

## Bush faces attack over Contra affair

By Jurek Martin in Washington

THE Democratic party, seeking to fight fire with fire, yesterday urged closer scrutiny of President George Bush's role in the Iran-Contra affair.

Senator George Mitchell, the majority leader, said on television there were questions about "the completeness and accuracy" of Mr Bush's statements that, as vice-president, he was mostly unaware of the White House operation to sell arms to Iran and use the proceeds to assist the Nicaraguan Contras.

Pre-trial court documents in the case of Mr Caspar Weinberger have suggested the former defence secretary and Mr George Shultz, then secretary of

state, believed Mr Bush was supportive of the clandestine scheme organised by Lt Col Oliver North.

Mr Mitchell was picking up on Monday's counterattack by Mr Bill Clinton, the Democratic presidential candidate. Apparently frustrated by insistent questions about his avoidance of military service in the late 1960s, Mr Clinton suggested that the media devote comparable energies to exploring Mr Bush's role in the Iran-Contra scandal.

Yesterday morning during campaigning in Connecticut Mr Clinton tried to return to what he considers to be his strongest electoral suit - the parlous state of the economy and the need to create new jobs in manufacturing. Like

Mr Bush, he claimed to be the real reincarnation of President Harry Truman, who has become the icon for both sides in this campaign.

But the Bush campaign, under the direction of Mr James Baker, is now more intent on questioning Mr Clinton's personal qualities, including his courage, than in offering specific economic policy remedies.

On Monday the president indirectly contrasted his own military record with his opponent's lack of one. More pointedly, a small light aircraft flew over Clinton rallies, trailing a banner that read: "No draft dodgers."

In a speech to ex-servicemen two weeks ago Mr Clinton tried to lay the

draft bogey to rest. But it has been subsequently reported that a now dead uncle had tried to secure him an extra deferment in 1969.

Mr Clinton initially denied all knowledge of this, but later admitted he had become aware of his uncle's efforts earlier this year.

This has lent some fuel to the Republican effort to portray him as someone who shades the truth, and has induced the media to pick up the same cudgel. Mr Clinton responded on Monday by accusing reporters of engaging in "a feeding frenzy about something that even if it's true doesn't amount to a bill of beans." He then raised the Iran-Contra issue.

## Hopes for independent legal system set back

## Argentine justice minister dismissed

By John Barham in Buenos Aires

ARGENTINE President Carlos Menem yesterday sacked his justice minister for objecting to the president's decision to interfere in the appointment of 235 new judges.

Mr Leon Arslanian complained that some of his candidates were replaced by others chosen for political reasons rather than their record as judges.

Officials said the minister, who served as an appeals court judge before entering government last year, would be replaced by the president's legal affairs secretary, Mr Jorge Maiorano.

Although he was admired for his record as one of the judges who tried Argentina's generals during the 1980s for human rights offences, Mr Arslanian lacked the political skill to



Carlos Menem: illustrating style of government

manoeuvre in Mr Menem's cabinet and failed to defend his reforms.

The president's decision not to back Mr Arslanian is a setback for attempts to create an independent legal system. Shortly after taking office in 1989 Mr Menem packed the Supreme Court with his supporters.

Mr Arslanian's fate is also a vivid example of Mr Menem's style of government, in which

efficient policymaking is frequently reduced to battles between rival factions or disputes between ministers carried out through the media.

The minister said he resigned because the judiciary's independence was at stake. His move came a day after important reforms in trial procedures were implemented, in which traditional written trials were replaced by public trial for criminal cases.

## Baseball troubles boil over as chief throws in mitt

By Jurek Martin

THE resignation on Monday night of Mr Fay Vincent as Commissioner of Baseball threatens to turn America's national sport into an industrial relations battlefield in the months ahead, even to the point of putting at risk next year's season.

He was ousted by the owners of the 28 leading league teams, who saw him as too independent. They voted last week by 18-9, with one abstention, to ask him to go.

Mr Vincent resisted voluntary departure for a few days before issuing a statement noting that "sometimes decisions have to be made that are not in the interest of some owners".

Baseball's problems, real in spite of its great popularity, are complex and rooted in labour relations law, which over 20 years has generally given the players greater rights over their own destiny.

One consequence, however, has been escalating salaries, which this season for the first time exceeded \$1m (\$202,500) a player. Most clubs are not publicly quoted companies but it is said that half are now operating at a loss.

From the owners' perspective, Mr Vincent's mistake was to intervene in the 1990 pre-season contractual dispute. Mr Tom Glavine, the Atlanta pitcher and player representative, said Mr Vincent ended the lock-out and "that was to our benefit". Mr Richie Phillips, head of the umpires' union, predicted that the owners would seek a pretext for another confrontation and would close the sport down "for a very long time".

The owners are a disparate lot. Their ringleader in disposing of Mr Vincent was Mr Jerry Reinsdorf, who owns the Chicago White Sox, the Chicago Bulls basketball team and the Chicago Tribune media group. Mr Reinsdorf had made

it clear in countless interviews that he faulted the commissioner for not taking on the players' union.

Mr Vincent, a corporate lawyer by career but with a long involvement in baseball, had been appointed with the necessary consent of the owners in 1989.

He saw his job as representing all baseball's various elements - the owners, the players, the umpires and the fans. In this respect he was acting in the tradition of the first commissioner, Judge Kenesaw Mountain Landis, who was brought in to clean up baseball after the disastrous Chicago Black Sox gambling scandal more than 70 years ago.

Mr Vincent also liked Mr Reinsdorf, whose Tribune group owns a super-station beaming games across the country, by insisting that television revenues be shared among all clubs, including those with poor local markets.

He upset others by decreeing that the Chicago Cubs should move to the Western division of the National League, a decision now rendered moot.

The image of Mr Reinsdorf and some of his more powerful colleagues conjured up by the US press yesterday was that of 19th century mill owners.

Their choice for a permanent replacement will not be easy, although some powerful candidates for what has always been a high profile job have been mentioned. Among them are Mr James Baker, now White House chief of staff who would be out of a job if President George Bush loses the election race in November, and Mr Ron Brown, chairman of the Democratic party and coincidentally a friend of Mr Reinsdorf.

However, if the owners want to curb the independence of the commissioner they may have to appoint a lesser hummer, perhaps Mr Lee Macphail, a former head of the American League.

## OECD suggests reforms to lift Canadian productivity

By Bernard Simon in Toronto

THE CANADIAN economy requires further structural reforms to reverse the slide in its international competitiveness over the past two decades, the Organisation for Economic Co-operation and Development says in its latest report on the country.

While the OECD gives credit for some initiatives since the mid-1980s, it concludes that "improvement of Canadian productivity performance remains elusive". Greater attention should be given to education and training policies, research and development, and to removal of remaining domestic and external trade barriers.

The report notes that recent progress in lowering inflation and maintaining fiscal discipline has set the stage for the next economic recovery. But it cautions that the upturn will be sluggish.

Gross domestic product, which contracted by 1.7 per cent in 1991, is forecast to rise by 2.3 per cent this year, accelerating to 4.3 per cent in 1993. Exports and housing are expected to be the main springs of the recovery.

Despite the upturn in demand, considerable slack will remain in goods and labour markets.

The OECD expects Canada's inflation rate, currently the lowest among leading industrial countries, will be about 2 per cent both this year and next, easily beating targets set by the government last year.

But it cautions that expectations of lower inflation, in the form of more moderate wage demands, have yet to be firmly established.

"The private sector probably needs to see the targets achieved before putting full faith in them when forming its inflation expectations," the report says.

The OECD notes that the impact of Canada's sliding productivity is evident in the deteriorating trade balance and historically low profit margins. It suggests that improvements in the much-criticised education and R&D effort require a reallocation of existing resources, rather than additional spending.

The report says that although a further decline in the Canadian dollar, which had fallen by yesterday morning to below 83 US cents from 89 cents last November, may ease competitive pressures in the short term, "exchange rate depreciation is not a viable solution in the longer run."

"Indeed, as the economy recovers, a rapid downward adjustment of the exchange rate might reignite inflation expectations, with the risk of undermining the price performance achieved so far and, consequently, the credibility of policies."

## Bush seeks \$7.6bn after hurricane

PRESIDENT George Bush

yesterday asked Congress for \$7.6bn (\$3.81bn) in emergency aid to help clean up after Hurricane Andrew, which left an estimated 250,000 people homeless in Florida and Louisiana last month, writes George Graham in Washington.

Mr Bush said he was confident there would be no "gridlock" between him and Congress over the aid package.

## US drops IMF stand on Swiss

Switzerland has won an executive directorship at the International Monetary Fund, after the US dropped its objections to enlarging the Fund's board to 24 members, writes George Graham. The US and some other countries had originally argued against the addition of a ninth European board member.

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## NEWS: WORLD TRADE

## FARNBOROUGH AIR SHOW

## Sikorsky aims to set up European HQ in Italy

By Paul Betts, Aerospace Correspondent

SIKORSKY of the US, the world's biggest helicopter maker, is aiming to boost its European market presence by setting up a new European headquarters in Italy.

The company has also linked with Mitsubishi of Japan to study jointly the possible launch at the end of this year of a new 19-passenger helicopter, the S-92.

Mr Eugene Buckley, Sikorsky president, said his company intended to boost its marketing and sales operations in Europe through its new European organisation which later, could include direct manufacturing there.

The move is a challenge to Eurocopter, the joint venture between Aerospatiale of France and Deutsche Aerospace of Germany, the world's second largest helicopter group after Sikorsky.

Eurocopter is part of French efforts for a strong European helicopter industry which was at the heart of a UK cabinet crisis in 1986 over the future of Westland, the British helicopter maker. The crisis led to a partnership between Westland and Sikorsky, with the US group's parent company, United Technologies, taking a 7 per cent stake in Westland.

Westland has since resisted



British Aerospace 146s fly past at the Farnborough show

overtures from Eurocopter and intends to keep up its links with Sikorsky and Agusta, the Italian helicopter maker which is Westland's partner in developing the new EH101 naval and transport helicopter.

Mr Jean François Bigay, Eurocopter chairman, warned yesterday that if Sikorsky reinforced itself in Europe, his group would hit back with an alliance with another manufacturer. Mr Bigay and Mr Buckley said the helicopter business was going through an unstable time; they expected further compression in the industry.

Mr Buckley said Sikorsky had 26 per cent of world helicopter sales, with a \$2.1bn

(£1.05bn) turnover last year. Sikorsky also said Japan had chosen its S-76C rescue helicopter for the Japanese Maritime Safety Agency in a deal for up to 24, worth about \$150m.

In Japan, Sikorsky and Mitsubishi are conducting marketing studies for the possible launch of a new large transport helicopter, the S-92. Mr Buckley said a decision was due at the end of this year. He declined to discuss the possibility of Sikorsky acquiring McDonnell Douglas' helicopter activities. Mr Buckley said he was keen to maintain a strong relationship with Westland. Speculation is growing that Agusta may want stronger links with Sikorsky.

## Italians considering alternative to EFA

By David White, Defence Correspondent

ITALY has begun considering a possible alternative to the European Fighter Aircraft (EFA), raising doubts on its commitment to the £20bn collaborative project.

Rome recently requested information about the McDonnell Douglas F/A-18 Hornet, Mr George Hibbard, a senior executive of the US manufacturer, said yesterday.

Britain has been counting on Italy as its most solid ally in the EFA programme, the subject of reviews by both defence staffs and aircraft makers of the four countries involved. The multi-role F/A-18 has long been considered a principal rival to the EFA.

Germany's decision this year to pull out of production plans for the EFA in its current form and seek European collaboration on a cheaper aircraft is widely expected to lead to further delays in the programme. Some observers believe the future of the EFA project will not become fully clear before the German elections of 1994.

Italy urgently needs a new fighter to replace its ageing fleet of US F-104 Starfighters, increasingly costly to maintain. Spain, by contrast, has little pressing need, as it already possesses 72 F/A-18s ordered in the early 1980s.

Washington backed a promotion campaign four years ago for a new version of the F/A-18 to be made in collaboration with European partners. Mr Hibbard said that campaign "helped to bring the EFA consortium together", and that McDonnell Douglas was anxious to avoid making the same mistake now.

Joseph Mann reports from Caracas: The Venezuelan Air Force is studying buying 10 Spanish-made Caza-212 passenger aircraft for about \$31m (£15.5m). Gen Eutimio Fuguet Borrales, air force chief, said.

Each can carry up to 25 passengers and cargo, land on short runways, and would be used to help develop Venezuela's border regions.

## The mist on Russia's window

John Thornhill on plans to clear age-old trade route back to Europe

ST PETERSBURG was built as Russia's "window on Europe". Three centuries later the city still serves that purpose but the window is in danger of jamming half-shut and the panes are misting up.

The importance of St Petersburg as Russia's maritime gateway to Europe has increased since the dissolution of the Soviet Union deprived the country of direct access to most of its warm-water ports. But the city's ability to rise to the challenge has been limited by capacity constraints and a dearth of development finance for expansion.

For centuries Russia's statesmen fought wars to ensure the country retained access to ports which did not ice up. But this strategic goal was reversed almost overnight by the break-up of the Soviet Union.

A study prepared by the St Petersburg-based Baltic Shipping Company found that Russia had lost direct access to almost half of the 37 ports serving the European part of the Soviet Union. Just at the time when Russia was attempting to re-integrate itself in the world economy, its goods-handling capacity was cut from 361.8m tonnes to 148.9m tonnes a year. It might be argued that this would not matter greatly if Russia were able to rely upon open trading relationships with its newly-independent neighbours. But such has been the bitterness accompanying the collapse of the Soviet Union

that the Baltic states, in particular, have been quick to exploit their new leverage by attaching onerous terms of trade.

Russia's pride has been pricked by such actions and its newspapers have argued that the country's future as a great world power is at stake. Grand schemes for extending Russia's port capacity have been proposed. One, devised by the Baltic Shipping Company, envisages the creation of a 100m-tonne "super-port" in the Gulf of Finland although the proposals have run into a storm of ecological protests.

Mr Grigoriy Filimonov, who has been entrusted with developing the plans for the BSC, believes the bulk of the \$19bn financing costs could be provided by joint venture arrangements between western importers and Russian exporters. But Mr Anatoly Bilichenko, the director of the commercial sea port, ridicules such concepts. Sitting in his smart office still decorated with portraits of Marx and Lenin, he says: "This is a typical example of our old way of thinking. It is communist-style gigantism. Any new money should be invested in improving the capacity of the existing port rather than sinking it into a new location."

Mr Bilichenko argues that the most sensible way forward is to expand the port's facilities and update its outmoded infrastructure. He says that a \$150m investment would enable the

port to expand capacity from its current 13m tonnes to 20m tonnes.

The World Bank is keen to help develop the port and is likely to earmark part of the \$600m it has available to fund infrastructure development projects. "The port is a very



high priority but how much money it is allocated depends on the Russian government's list of financing requests later this year," it says.

Mr Bilichenko believes that up to \$50m may be forthcoming from the World Bank and the European Community; other funds could be raised from Russian enterprises and

private western bank loans. Although the fate of St Petersburg's port is as yet far from clear, the debate about its future provides a fine illustration of the pluralistic pressure group politics that is evolving in Russia. At one time all such investment decisions would have been taken by Moscow ministries with scant regard for local considerations.

Now, government officials have to pay heed to the views of local politicians and citizens, journalists and foreign bankers as well as a vociferous green movement.

Radioactive sediment, still lying on the floor of the Gulf of Finland after the Chernobyl nuclear plant disaster of 1986, would be stirred up by new building work, the greens claim. They also fear that any accident at the proposed new oil terminal might endanger the cooling systems of the nearby Sosnovyi Bor nuclear power station.

But it seems likely that national strategic imperatives are likely to override such ecological concerns. Russia's politicians attach high importance to the port's development. Mr Boris Yeltsin, Russia's president, has lent his support to the project while Mr Anatoly Sobchak, the city's mayor, has campaigned vigorously for a string of new port developments. "We remain Russia's single window on Europe and we must fulfil this function in full measure," he told the St Petersburg press in June.

## BMW Rolls-Royce in \$500m deal

By Paul Betts

THE NEW Anglo-German aero-engine consortium between Rolls-Royce and BMW has clinched its first big order worth over \$500m (£251.3m) for 300 engines to power the new Gulfstream GV business jet aircraft. The order announced by the BMW Rolls-Royce joint venture at Farnborough, launches the group's new BR700 series of medium-thrust jet engines to power business and regional jet liners of 60-140 seats.

The venture, formed two

years ago, marks the return of the German carmaker to the aero-engine business. It reflects Rolls-Royce's efforts to extend its collaborating ventures into new niche markets. The venture is building a plant near Berlin. BMW owns 50.5 per cent, with Rolls-Royce holding 49.5. It is capitalised at DM200m (£71.6m).

Turnover last year was DM231m and the group employs over 1,100. The private venture aims to produce a new family of engines ranging between 10,000 and 22,000 lbs of thrust for civil aircraft.

Gulfstream announced the development of its new twin-engine top-of-the-line GV business jet at Farnborough to meet the need for an aircraft capable of flying non-stop from New York to Tokyo, or London to Singapore. The first flight of the new business jet is due in late 1995.

The selection by the US company of the Anglo-German engine was described yesterday as "the first and most significant breakthrough" for the new organisation by Mr Albert Schneider, chairman of BMW Rolls-Royce.

## Nokia launches digital hand-held phone today

By Michio Nakamoto in Helsinki

NOKIA, the Finnish electronics group, today launches a digital hand-portable phone based on the European GSM standard. The move is expected to take Europe closer to its goal of a pan-European digital mobile communications system, allowing the phones to be used in any of the 15 European countries which have agreed to adopt the standard.

The launch comes as countries in Europe have been

investing in their GSM infrastructure; Nokia expects to have handsets available within a few weeks. As Europe's largest cellular phone maker, it sees the GSM network in Europe sufficiently widespread by next summer for the system to take off.

Digital phones are costlier to develop and therefore more costly to consumers, but reception quality is much higher than analog systems, with greater security against intrusion. The market is expected to grow to \$400m by 1995.

## OECD EXPORT CREDIT RATES

Minimum interest rates for officially supported export credits (%)	Sept 15- Oct 14	Aug 15- Sept 14
DMark	9.45	9.54
Ecu	9.47	9.59
French franc	10.54	10.30
Guilder	9.60	9.25
Guilford	9.45	9.50
Guilford	9.30	9.35
Italian Lira	13.48	13.48
Yen	5.50	5.50
Peseta	13.75	13.25
Sterling	10.58	10.18
Swiss franc	8.08	8.08
US dollar	5.72	5.91
US dollar	6.80	6.84
US dollar	7.12	7.39

\*Up to 5 years. 8.5% to 8.5% years. Below 8.5% years. These rates are published quarterly by the Financial Times, normally around the middle of each month. A premium of 0.2 per cent is to be added to the credit rates when fixing at mid-interest rates may not be fixed for longer than 120 days. 300% based rates of interest are the same for all currencies. The 300% based rate was changed on February 19. It will be subject to change on January 15, 1993.

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## Building recession 'may run until 1994'

By Andrew Taylor,  
Construction Correspondent

THE recession in the construction industry could run for another two years and leave few survivors unless the government takes steps to help the industry, the chairman of Britain's second largest house-builder warned yesterday.

Sir Clifford Chetwood, chairman of Wimpey, was commenting after the company announced a £7.5m first half loss.

He said the recession in housebuilding already had run for three years and could stretch for a further two years according to the industry.

"Ultimately if we face a five year recession with no assistance by government, there will be very few construction firms left," said Sir Clifford.

He appealed to government to introduce measures to stimulate the housing market which, he said, would encourage greater confidence in the economy as a whole.

"Every day that their house is seen as a wasting, dwindling asset - a false, unwise investment - the longer we put off a return to consumer confidence," Sir Clifford added.

"This does not just affect the housing industry. It hits motor cars, white goods, furniture, manufacturing - right across the board. People will not spend when their safety-net, when the money that is invested in their property, has been seen to vanish from under them and threatens to diminish even further."

The former president of the Building Employers Confederation criticised government's economic policies which concentrated solely on defeating inflation.

Sir Clifford said he did not want to say at this stage what measures he would like the government to introduce to assist home buyers. Previously he has advocated removal of stamp duty from house purchase and greater mortgage tax relief concessions.

See Page 18  
Results, Page 20

## TRADES UNION CONGRESS

# Labour Party under strain over Maastricht

By David Goodhart  
and Alison Smith

OPPOSITION Labour Party policy on Europe came under double pressure yesterday when several union leaders called for devaluation of the pound at the TUC Congress in Blackpool.

Meanwhile Mr Bryan Gould, former Labour leadership contender and a 'shadow' minister, described the Maastricht treaty as "not the right blue-print for Europe".

The call for devaluation was led by Mr John Edmonds, leader of the GMB general union, one of the largest unions affiliated to the Labour party, who said: "The pound is over-valued. An early realignment is essential if we are to live without further agony in the ERM."

Mr Edmonds, who was supported by several other large unions, including the TGWU general union, Nalco, the public service union and MSF, the white collar union, added: "Most people in industry know that

the pound is over-valued. Realignment is now inevitable."

He said he believed that Britain should remain in the ERM and earlier yesterday he strongly endorsed the TUC's position of support for the Maastricht treaty without a referendum, a position backed by a large majority of Congress delegates.

The union call for devaluation will ensure a rough ride on the issue for the Labour leadership at the Labour conference in three weeks time. Hitherto Labour has been reluctant

to call for any tampering with the pound's position within the European exchange rate mechanism.

Mr John Smith, Labour leader, in Blackpool last night, said he was "not in favour of a devaluation of sterling because that would not assist in reducing interest rates". But he added that the EC "should not rule out a revaluation of the D-Mark".

Mr Gould's call to use the failure of the Maastricht agreement to set out a new agenda for Europe intensi-

fied disarray over Europe on the Labour frontbench.

"Britain should now take the lead in acknowledging that the Maastricht treaty is deeply flawed and has failed as a consequence to secure the endorsement of the people of Europe," said Mr Gould. "This is as much an opportunity as a problem."

While the Labour leadership says that the party will not decide what line to take until the bill to ratify Maastricht returns to the House of Commons, Mr Gould's remarks

strike a very different tone from the conditional support for the treaty so far expressed by Mr Smith and Mr John Cunningham, 'shadow' foreign secretary.

Mr Gould said: "A European economy wrecked by recession simply cannot afford to hand economic policy over to unelected bankers who will enforce treaty provisions requiring massive cuts in public spending and giving an overriding priority to price stability at the expense of jobs and living standards," he said.

## Employers seek closer relations with trade unions

By David Goodhart,  
Labour Editor

MR HOWARD DAVIES, director general of the Confederation of British Industry, yesterday sketched out the terms for a closer working relationship between the CBI and the Trades Union Congress, telling the TUC Congress in Blackpool that "my door will always be open".

Mr Davies' historic speech, the first ever by a leader of the CBI - the employers' organisation - to the TUC, was generally well received, although about 50 delegates, led by Mr Arthur Scargill, the left-wing miners leader, walked out.

The CBI leader was unruffled by the reaction and attempted to allay the suspicion of those delegates who remained by stressing his humble background and his love of Manchester City football club.

Later he described the walk-out by Mr Scargill, representing the National Union of Mineworkers, as "part of the British way of life - like a rain off cricket match at Lords".

His speech, however, was interrupted several times by shouts and jeers, particularly when Mr Davies repeated his view that the public sector pay bill should not rise at all. But there were as many interrup-

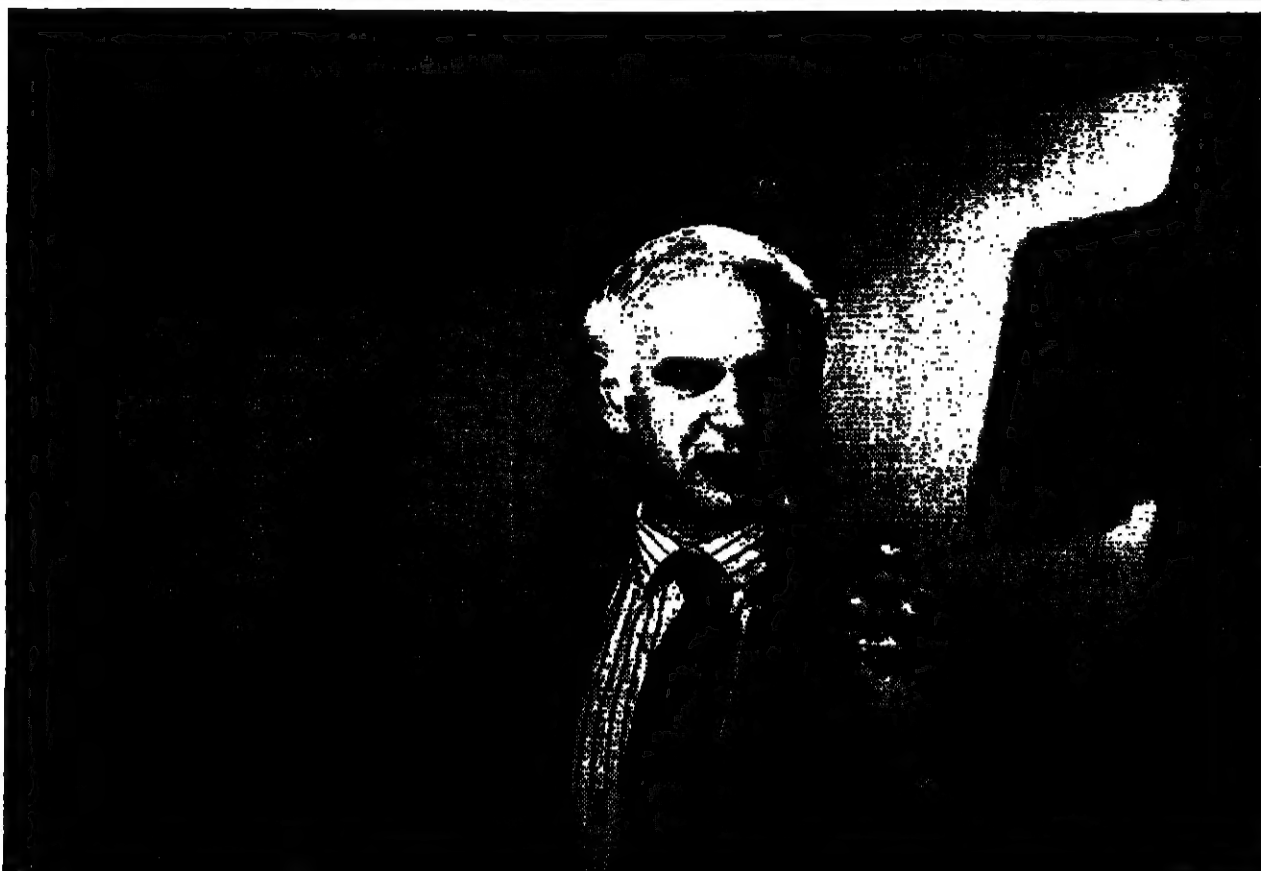
tions for applause, notably when he called for more government investment in British transport and training.

Afterwards, Mr Bill Morris, the leader of the left of centre TGWU general union, Britain's biggest, said that 80 per cent of the speech could have been written by any member of the TUC general council.

The points that union leaders welcomed included: Mr Davies' commitment to the public sector; his emphasis on "social dialogue" between unions and employers in Europe in spite of the UK's decision to opt-out from the social chapter of the Maastricht treaty; and his statement that "senior management pay should be subject to exactly the same market and profitability disciplines as that of the workforce".

He drew the wrath, however, of the local government union Nalco when he compared the changes in local government since 1979 unfavourably with those in the state-run National Health Service and said that productivity in local government had not improved in that time.

He also took issue with the view, expressed by several union leaders yesterday, that sterling was overvalued in relation to other European currencies within the Exchange



Opening the door: Employers' leader Howard Davies calling for a dialogue with the TUC yesterday on pay restraint and Europe

Rate Mechanism.

He added that interest rates were too high but said that the main reason for the flatness of the economy was the "debt-overhang".

The main areas for dialogue between the two organisations, he said, were manufacturing competitiveness, training and Europe. But he did not expect to see joint CBI-TUC

approaches to the government in the near future.

On Europe he said that there may be Community regulations which affect the national interest where the common interests between employers, unions and employees are greater than the differences.

He also welcomed the support of BIFU, the banking union, for the siting of the pro-

posed European Central Bank in London.

Mr Arthur Scargill, president of the NUM, yesterday failed to win back the seat he lost four years ago on the TUC's general council.

In the election for representatives of unions with less than 100,000 members he came eighth out of ten. Seven seats were available.

The political balance of the 48-strong council remains virtually unchanged, with centre-right union leaders in firm control.

New members include Mr Keith Brookman of the ISCT steel union, Ms Pat Dwyer of the UCW postal workers' union and Ms Pat Hawkes of the National Union of Teachers, the main teaching union.

## Move to get electricians back in TUC

By Michael Smith,  
Labour Correspondent

MR GAVIN LAIRD, general secretary of the AEU craft union, publicly rebuked the EETPU electrical wing of his organisation as efforts intensified to ensure the return of the electricians to the TUC.

Mr Laird told the TUC annual conference that he would do everything he could to help the Ucat construction union in its "rightful complaints" about the construction industry.

He spoke after Ucat complained that the EETPU had struck a single-union deal with an employer at a site where his union was already recognised.

Delegates are set to debate terms governing the re-affiliation of the EETPU to the TUC. It was expelled in 1988 for failing to implement TUC disputes rulings. Talks on re-affiliation follow its merger with the AEU engineers.

Mr Laird's comments came as the TUC re-affirmed concern about single-union agreements which are made before the workforce has been recruited or consulted. The AEU and EETPU have been the most successful unions at winning such agreements.

Mr Jack Carr, assistant general secretary of the MSF general union, proposing the resolution, deplored "beauty contests" in which unions competed against each other for deals by "bidding down" the rights of workers.



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## MOTOR INDUSTRY

## Ford to revamp £1bn UK car range

By John Griffiths

JRD, the UK subsidiary of the US motor manufacturer, is today unveiling heavily-revised versions of its Escort/Orion car range just two years after the previous generation was launched at a cost of £1bn.

The exercise, which Ford acknowledged yesterday involved further "substantial" investment, follows sharp criticism - mainly in the UK - of the styling and other aspects of the cars at their original launch in October 1990.

Mr Ian McAllister, chairman of Ford of Britain, said: "We listened to what was being said about the last versions of the cars, married these comments with our own on-going [development] programme and introduced changes."

Ford insisted that the most extensive - and expensive - changes involved re-engineering to improve crash protection and other beneath-the-skin specifications.

Ford was badly stung by the criticisms in the UK, which is a close second behind Germany as the Escort/Orion's largest European market.

It maintains, however, that the unprecedented speed with which the revisions have been introduced reflects more the company's newly-acquired simultaneous engineering skills than a need to respond swiftly to critics.

Adverse comment has had relatively little effect on sales. About 1.1m of the controversial models have been sold in Europe. The Escort/Orion range was Europe's second best-selling car behind Volkswagen's Golf last year.

Even in the UK itself, the Escort alone remains the single best-selling car, with a 7.83 per cent market share in the first eight months of this year, ahead of the smaller Ford Fiesta and Vauxhall's Cavalier. When Orion sales are included, the range outsells its closest rival, Vauxhall's Astra range, by nearly two to one.

## Toyota opens £140m plant

By Kevin Dooe, Motor Industry Correspondent

TOYOTA of Japan, the world's third largest vehicle maker, yesterday began production at its £140m engine plant at Deeside, north Wales, the first of a wave of Japanese automotive plants set to be commissioned in Europe by the end of the year.

Toyota is developing a capacity to produce 200,000 engines a year at Deeside - its first wholly-owned production plant in Europe - by the second half of the 1990s with output in the first phase set to reach 100,000 a year by 1995.

The engines will be supplied to the company's 2700m car assembly plant at Burnaston, near Derby, which begins production in December. Toyota's UK car assembly capacity is planned to reach 200,000 a year by 1997.

Elsewhere in the UK Honda starts production next month at its £200m car plant at Swindon, Wiltshire with a capacity to produce 100,000 cars a year by 1994/95, while Nissan has just begun production of a second car range at Sunderland with output planned to rise from 125,000 last year to 175,000 this year and 270,000 in 1993.

Toyota said that the 1,500 engines to be produced at Deeside by the end of this year will be shipped to Japan to be fitted in cars to be exported to Europe.



MADE IN WALES: production on Deeside is Toyota's first at a wholly-owned plant in Europe

Output of 25,000 1.6 litre petrol engines is planned at Deeside next year for supply to the Burnaston car plant. A larger 2 litre petrol engine is expected to be added in the second phase at Deeside.

The engine plant is beginning with simple assembly operations but will start to machine important engine components during the next two years including the block,

cylinder head, crankshaft, camshafts and con-rods. Eventually all the major engine components will come from European suppliers with the exception of the aluminium cylinder heads, which Toyota plans to continue to import from Japan.

The plant will have 45 European suppliers with around half from the UK. Of presently committed investment at Deeside of

£131m, some 56 per cent has been sourced from Japan. Of the remainder some £17.2m of equipment and installation spending and \$41m of construction work has come from European suppliers.

The Toyota workforce at Deeside currently totals 74 and is set to rise to 200 when production reaches 100,000 in 1995 and 300 at full capacity of 200,000 engines a year.

## Britain in brief



## Watchdog not told of arms dump

The Ministry of Defence (MoD) has not notified international regulators of its dumping of unwanted bombs, shells and hand grenades in the Atlantic, prompting allegations from opposition MPs that the government is in breach of international conventions.

The disclosure comes during growing concern about the environmental costs of decommissioning military equipment as defence forces are scaled down. Earlier this week a Norwegian-Russian research ship was blocked by Russian authorities from investigating whether radioactivity was leaking from military nuclear reactors dumped at sea.

The London Dumping Convention, to which the UK is a signatory, allows military dumping under "sovereign immunity" clauses. However Greenpeace, the environmental group, claimed that the MoD still had an obligation to notify the LDC's secretariat of military dumping.

## GPT signs telecom deal

GPT, the largest UK telecommunications manufacturer, has signed what it describes as the first major deal to supply telephony equipment to the UK cable television industry.

Under the deal GPT will provide about 225m of equipment to Southwestern Bell, the US telecommunications operator, for deployment in its cable television franchises in the Midlands and the north-west over the next five years.

## Rush to get back to school

MORE THAN 4,000 people have applied to become school inspectors under the govern-

ment's new scheme for monitoring standards in England's schools.

Launching the Office for Standards in Education (Ofsted) yesterday, Professor Stewart Sutherland, chief inspector of schools, said the selection of the first 210 inspectors would start next week, with teams ready to start work in September 1993.

From next year, all schools in England will be subject to inspection at least once every four years by a team appointed by Ofsted, the successor to Her Majesty's Inspectorate, under the direction of the chief inspector.

Inspection teams will be licensed by Ofsted. Licensed teams will bid for inspections, most likely school-by-school, with Ofsted awarding inspections on the basis of price and quality.



Nelson's Column, the central London statue, gets a clean during renovation work in Trafalgar Square

The 145ft high column, commemorating the 18th century admiral's victory at the Battle of Trafalgar, has been suffering the effects of pollution.

## Cut in N-levy rejected

The government has ruled out any immediate reduction in the nuclear levy on the electricity industry, in spite of pressure from the electricity regulator.

The Department of Trade and Industry, which is now responsible for energy policy, is not even planning to sug-

gest a reduction to the Treasury. It sees little prospect of a cut because the current spending round is proving so tough.

Any fall in the levy, imposed after privatisation of non-nuclear generators in 1990 to subsidise the higher costs of nuclear electricity, would mean the financial support it provides for Nuclear Electric, the state-owned company which owns and operates the 12 nuclear power stations, would have to come from the public borrowing.

## Training urged for tube staff

London Underground staff should be trained at inspecting suspect packages to curb the number of delays caused by false alarms, according to a rail report.

The study also suggests that passengers should be made more aware of the need to keep belongings with them.

The report was commissioned after an incident in Bethnal Green, east London, 18 months ago in which six Central Line Underground trains were stuck in tunnels when two suspect briefcases were discovered. It was five hours before all 6,000 passengers were evacuated.

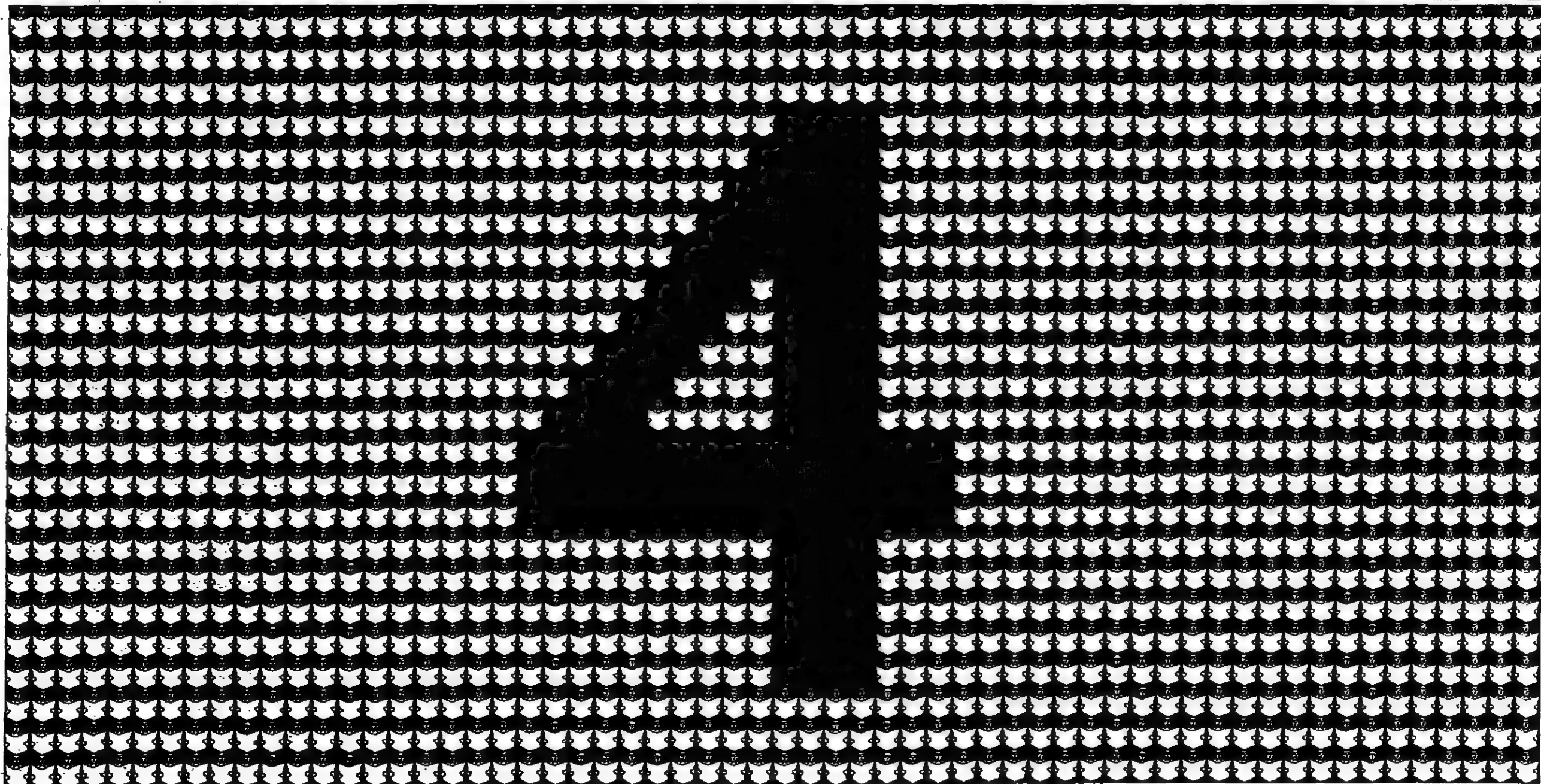
## Auditors study council records

District auditors in England and Wales are to study recent local authority redundancy payments to decide whether they are lawful, in the light of the test case High Court ruling on North Tyneside council's enhanced severance scheme.

The Audit Commission confirmed that its solicitor Mr Tony Childs is preparing guidance, to be sent to all district auditors within the next month, to enable them to decide whether any enhanced payments made by councils exceed their statutory powers.

## Employee training poll

More than two thirds of working people believe their employers do not provide them with sufficient training, according to a new poll conducted by NOP for the Trades Union Congress.



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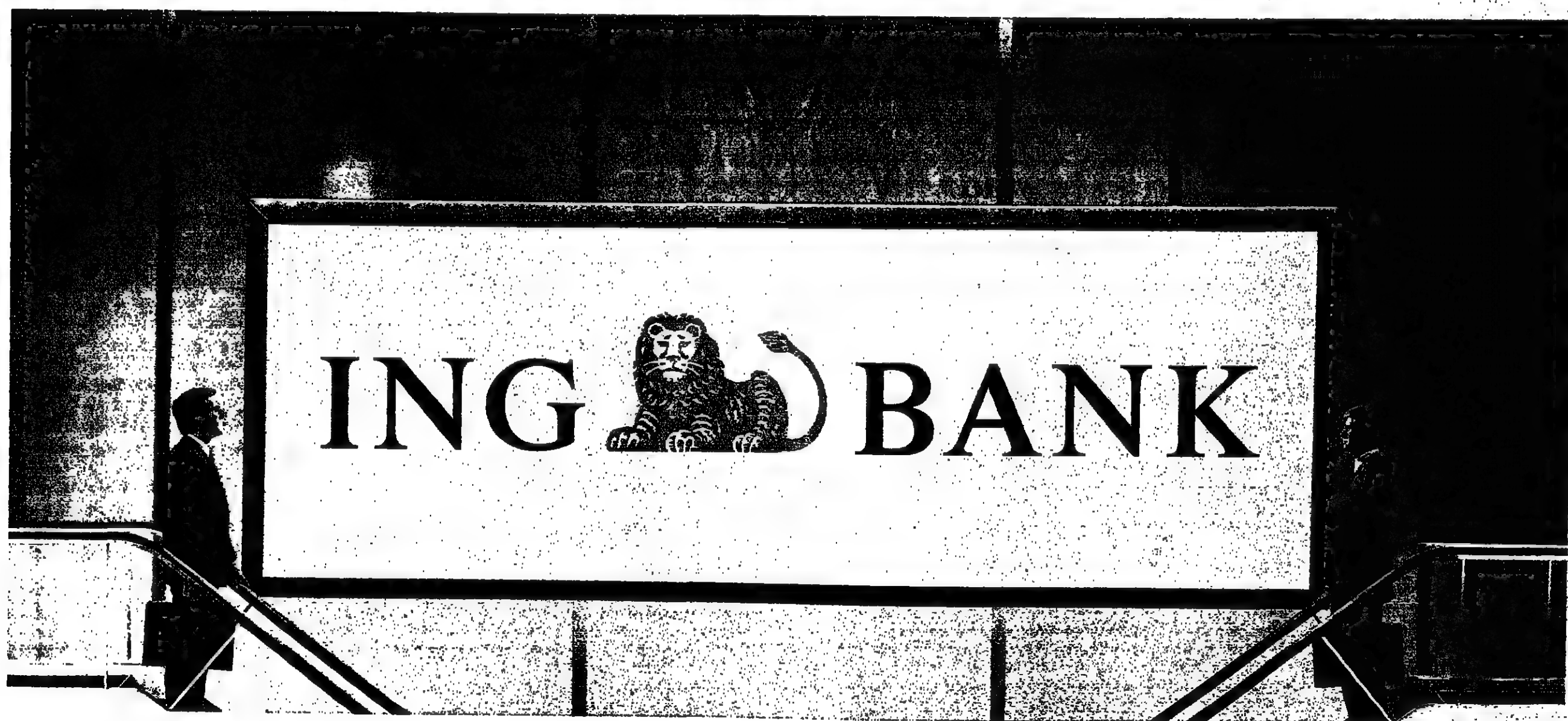
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## BUSINESS AND THE ENVIRONMENT

## Pollution plays back seat driver

**M**otorists who imagine that their cars protect them against traffic pollution are deluding themselves, according to research published today.

Pollution levels inside cars can be up to 18 times higher than those in the air outside, says Earth Resources Research, a London-based environmental consultancy in a report commissioned by Greenpeace.

Drivers can be exposed to even higher levels of toxic pollutants - hydrocarbons, carbon monoxide and nitrogen dioxide - than cyclists and pedestrians. And they suffer whether the windows are open or closed.

The research is based on studies in Britain, Europe and the US which measured pollution inside and outside cars. Levels inside were twice to 18 times higher for benzene (a carcinogenic hydrocarbon), two to 14 times higher for CO and 1.3 to 2.5 times higher for NO<sub>x</sub>. They consistently exceed safety limits recommended by the EC and World Health Organisation.

Exposure to benzene and CO is highest on urban roads and in slow-moving traffic. Conditions are worst in older cars with faulty exhaust systems. CO in the blood impairs the delivery of oxygen to the body and is dangerous for pregnant women and people with heart disease.

In contrast, NO<sub>x</sub> levels inside cars reach a peak during high-speed motorway driving. Earth Resources Research found NO<sub>x</sub> can damage the lungs and increase susceptibility to respiratory infection and asthma attacks.

Interestingly, in most studies the level of ventilation did not significantly alter interior concentrations, although conditions tended to be worse with the heater on and somewhat better with air conditioning in use, the report says.

Recent data from the US, where most vehicles have catalytic converters, show in-car pollution levels similar to those in Europe, the report says, "suggesting catalytic alone are not sufficient to solve the problem."

Clive Cookson

**A** fierce clash of the cans is intensifying in the UK drinks market as rival steel and aluminium manufacturers champion the respective commercial and environmental merits of their products.

The conflict, which has simmered away for many years, has hotted up in recent days as the tinplate industry has launched a novel push-button "Ecotop" opening system allowing a carbonated beverage can to be manufactured entirely from steel.

Amid much publicity, the steel industry is promising full-scale production of a lightweight, environmentally-friendly container known as the Ultimate Can - by 1994. "It is the beverage can of the future made from recyclable, energy-efficient steel," says British Steel Tinplate, which has spent more than £25m developing the new packaging technology. "This is steel waging war against aluminium."

Not surprising, the aluminium can industry dismisses the threat almost disdainfully. It does so from a position of strength. Although the cost advantages of steel have allowed it to dominate the food can market, the aluminium industry has won an ever-increasing share of the more technically complex beverage drinks market in recent years. This year the Aluminium Can Recycling Association (ACRA) believes it will capture 60 per cent of the market, forecasting a rise to almost 80 per cent next year as big consumer products companies switch to their material.

"We believe that steel technology is old technology. They are a long way behind and are now desperately trying to catch up," says Alex Griffin, national manager of ACRA.

Part of the skirmish is being fought over the battleground of the environment. Through marketing campaigns which are best described as canny - the aluminium industry has succeeded in persuading the British public of its own environmental virtues. With 300 recycling centres, 1,180 supermarket can collection points and high-profile campaigns on the Blue Peter television show, the industry has largely succeeded in assuring shoppers that aluminium cans are "green" by recording a recycling rate of 63 per cent.

While such campaigns have big marketing benefits they also make sense for purely commercial reasons. Griffin says it costs between \$8m to \$10m a tonne to install and operate the plant capacity necessary to produce aluminium cans from primary materials but only \$1m a tonne to produce them from recycled cans.

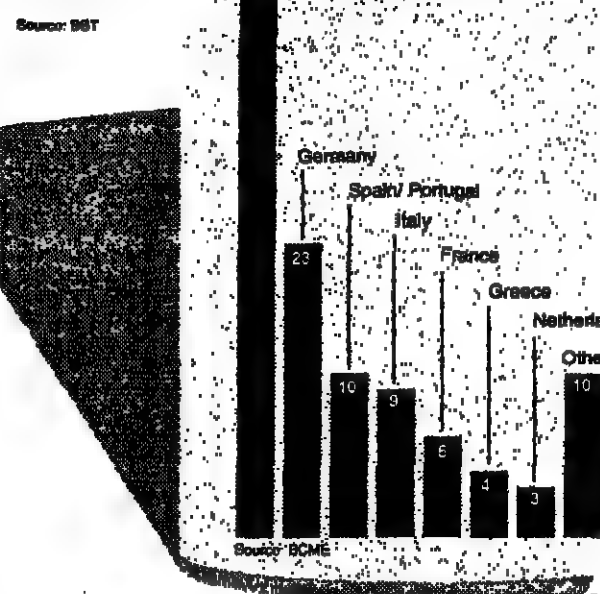
The high intrinsic value of aluminium (with factory gate prices of £700 a tonne) has pulled the metal

**John Thornhill explains why the aluminium and steel industries are doing battle over the drinks market**

## Clash of the cans

Beverage cans

UK can market  
16 bn a year  
12 bn steel  
Beverage can market  
7 bn a year  
50% steel  
50% aluminium  
Source: BST



up the collection chain - in contrast to low-value bulk packaging materials such as paper which are more cheaply dumped in landfills.

The recycling infrastructure is also in place with the Alcan Recycling plant in Warrington, big enough to re-use 80 per cent of the current aluminium UK can market. A lack of recycled materials, however, has so far meant that it has had to import cans from the US to run the plant at full capacity - a move which is of highly dubious environmental value.

Yet the steel industry is quietly miffed that the aluminium industry has been able to parade its green

credentials quite so effectively and is beginning to become more assertive about its own merits.

BST argues that currently "it takes 50 per cent less energy to make a steel can than an aluminium one" and points to the continuing environmental benefits of steel's development programme. It believes that next year it will be able to reduce the weight of steel beverage cans by 20 per cent with a further 10 per cent reduction possible by 1994. This will reduce the metal thickness from 0.27mm to 0.23mm.

Unlike aluminium, steel cans are also easy to pull out of the waste stream by the simple means of magnetic extraction. In some towns - such as Edmonton and Coventry - this has led to recycling rates in excess of 80 per cent. The national average, however, is just 10 per cent because of the low number of local authorities that have yet invested in a £15,000 magnetic extraction line. BST concedes the industry still has a lot to do to promote the environmental benefits of steel. "It is all about innovation and getting the consumer excited," it says.

David Knowles, director of the Can Makers trade association, says the battle between the two metals has been particularly sharp in the UK because the can market is comparatively big - accounting for 35 per cent of the European total - and both products are used on a widespread scale.

"The UK has historically used both aluminium and steel which is unusual. Other countries have been dominated by one metal or another," he says. The US and Italy, for example, use mainly aluminium cans; Germany and France overwhelmingly use tinplate.

The BST "Ecotop" system marks an interesting development because previously the vast majority of steel beverage cans had to use ends made of aluminium, which can be easily "scored" to produce the ubiquitous "stay-on" ring-pulls. However, other companies, such as the Franco-British CMB, are experimenting with steel ends which they believe may yield considerable cost benefits.

A previous trial of steel openings in Germany four years ago met with mixed success, but BST claims the "Ecotop" system - which has been jointly developed with the Dutch Hoogovens company and the German Rasselstein group - is a technically better product. The top will be used on 130m cans in the Netherlands this year and on a very small scale in the Spar grocery chain in the UK.

Bill Stratton, marketing services controller of the Spar grocery chain, says the company is selling 100,000 cans of own-label lemonade with the new "ecotop". The experiment started in March; almost all the cans are likely to have been sold by the end of the month.

"Initially when it appeared in the stores people were saying that the can was not complete and the ring pull must have fallen off. But it is simply a case of educating the customer," he says.

Ultimately, it will be the consumer who decides the fate of the beverage can market in the UK by expressing their preferences via the buying orders of the drinks companies. But it should be noted that some environmental groups would rather "educate" consumers out of using cans altogether, advocating the use of refillable drinks containers rather than "one-way" systems.

## New York outpaces its recycling effort

By Victoria Griffith

**I**n the old days, commuters into New York City would arrive at Grand Central station, leave the remains of their morning paper on the train and throw their empty styrofoam coffee cup into the nearest waste bin, all without a second thought.

These days, environmentally sensitive travellers can toss their rubbish into recycling containers and head off to work with a clear conscience. It's part of an expansion of New York's recycling crusade, which has placed 42 recycling receptacles on the city's streets and stations.

"We're trying to incorporate recycling into every aspect of New Yorkers' lives," said Marcia Bystryn, assistant commissioner for waste prevention in the city. She is also organising pilot programmes for recycling everything from telephone books and

textiles to batteries. New York already runs America's largest recycling scheme, processing close to 1,200 tonnes of waste materials each day. Despite its good intentions, however, the expansion of New York's recycling programme comes at an awkward time for the industry.

Recycling companies say they are having a hard time unloading the materials they already have. Piles of recycled glass, paper and plastics have been accumulating, as a glut in the market continues to make the products unsaleable.

Recycling groups say they are being hit from all sides. A surge in the popularity of recycling schemes around the country and the rest of the world has caused an excess supply of materials, while the recession has curbed demand.

At the same time, commodity prices are extremely soft. With fresh aluminium, tin, paper and other products available at bargain-basement prices, dealers complain, no one wants to buy recycled goods.

"A tonne of newspapers will sell for \$6 at best after processing,"

said Phillip Barrett, head of Nekob Recycling in Brooklyn. "Obviously that's selling at a huge loss."

The dealers make ends meet through payments from the city government, which reasons that it is cheaper to pay the recycling plants than to pay a company to haul away the rubbish.

Some products are harder to unload than others. Plastics are a problem, because there are many different kinds and they don't always mix together. "On the plastic side, we're making heavy losses," said George Wolfson, head of marketing for REI Distributors, which has a contract with the city to take in a certain amount of materials.

Glass can also be a problem, especially if it is broken, crushed or green. "The vendors can't really make any money from glass," admitted Bystryn. "The problem is that the US consumes a lot of green glass in the form of products like imported beer, but we don't actually produce much that's bottled in green glass."

Dealers also complain that the public has not been educated to be careful enough in their recycling selection. "I get in a load of bottles full of things I can't use, like mayonnaise jars," said Tom Bolon, general manager of Omni Recycling in New York. "Besides that, we have a big problem with contamination, because people don't clean out the bottles very well."

Even so, people in the industry are convinced that the market will improve. The city government has launched a new campaign to educate New Yorkers about the importance of cleanliness in products destined for recycling. Bystryn is also counting on the size of the New York programme to pull the city through the rough times. "Because we can guarantee large supplies, the dealers will come to us," she explained. "We're lucky, because we're having an easier time than most."

## PEOPLE

## Walking innocently into Granada TV

Charles Allen, the accountant with a management background in the catering and leisure industries who was yesterday appointed chief executive of Granada Television, has one essential qualification for his new job.

He has walked down Coronation Street, the set for Granada's most famous television programme. His former job - chief executive of Granada Leisure - included responsibility for studio tours of the set.

Allen, a 35-year-old Scotsman who has worked for GrandMet and the Compass Vending Group, is the first to admit he

has no experience of television but will start to learn on his arrival this morning. He expects to be challenging everything - asking what everything costs and how it's done. "Innocence is wonderful. You are allowed to ask questions," he says.

After talks with programme makers, Allen will be drawing up a plan for the future of Granada Television over the next six months. "I shall very much be looking to see how we can take the business forward," he says, emphasising his skills as "a good leader and negotiator". He will clearly be

looking to find the most appropriate structure for the television company at a time when all British television is going through an era of tension and change.

Allen is involved with Business in the Community and has recently worked on a management development project chaired by the Prince of Wales. He replaces Andrew Quinn who is leaving Granada to become the first chief executive of the ITV Association. Quinn in turn replaced David Flowright who was forced to resign at the beginning of this year.



■ Douglas O'Brien was yesterday named the new president and chief executive of Bank of Ireland First Holdings Inc (BOIFH), the loss-making New Hampshire subsidiary of the Bank of Ireland. He replaces Bill Marshall who announced his retirement two months ago, after two years in the job.

O'Brien, 53, leaves a senior post at National Westminster's US subsidiary, National Westminster Bancorp, where, as senior executive vice president, he held responsibility for its \$23bn US retail banking operations.

Bank of Ireland has lost some \$250m in the US since it took over First New Hampshire bank in 1988. It is currently integrating two other banks - Amoskeag and Bank East - into the BOIFH holding company, which is being supervised by a senior Bank of Ireland executive Des O'Reilly. In its half-year results BOIFH reported that it "is still on schedule to achieve fully its target cost savings of \$40m by October 1992".

■ English China Clays' chief executive Andrew Teare celebrated his 60th birthday yesterday by adding another heavyweight name to his board of directors.

Sir Christopher Harding, the 52-year-old chairman of BEC, is the third non-executive director to join the English China Clays boardroom in the past four months and his arrival completes the recent strengthening of the ECC board, says Teare.

Sir Christopher, a long-time director of Hanson who recently stepped down as chairman of British Nuclear Fuels, joins Bank Organisation managing director, Michael Gifford, and ICI executive director, Rob Margates, on the board.

Teare, who has recently been appointed a non-executive officer of the Prudential Corporation, says that his company has used a variety of processes to find its new non-executive directors.

It was looking for non-execs who were active in their own companies and came from similar sized but complementary businesses. In the case of Harding, it is understood that ECC went through an intermediary.

Teare's aim is to have executive and non-executive directors in roughly equal balance on his board. Each director has been appointed for a three-year term with the option of a second term.

"Cadbury would be proud of us," says Teare, referring to Sir Adrian Cadbury's recent report on corporate governance.

■ For a relatively young financial institution, the 18-month-old European Bank for Reconstruction and Development continues to have an above average turnover of staff in its public relations department.

James Rosenstien, 46, is the latest to head for the exit. He is leaving his job as the EBRD's chief press and public affairs officer to become director of communications for the European Automobile Manufacturers Association, which represents 14 manufacturers.

When Barbara Ann Clay, formerly public affairs director at the US Treasury, who took on the role of the EBRD's chief spokesperson earlier this year, is the fourth person to handle the EBRD's relations with the outside world.

Finance moves

■ Joe Sarfas, formerly pensions manager of Dowty Group, has been appointed pensions operations director of HADRIAN-SOLWAY on the early retirement of Bill Rebal.

■ Anthony McGreal has been appointed company secretary of CI GROUP, he moves from Geon.

■ Mark Ischey has been appointed co-head of BHP-Bank's London branch in place of Burkhard Frankenberger, who has moved to the New York branch. Roger Tidyman has joined from Kleinwort Benson as head of corporate banking.

■ Ray Barnes has been appointed vice-president, chief financial officer for Europe, Middle East, Africa region of VISA INTERNATIONAL.

■ Michael Portington has been appointed deputy md of LTCB INTERNATIONAL, he moves from Continental Bank, London.

■ Andrew Stewart, formerly a director of Quilter Goodson in Jersey, has been appointed joint md of LE MASURIER, JAMES & CHINN.

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## FT SURVEYS



## MANAGEMENT

Top managers have been queueing up for jobs in Britain's Civil Service. John Willman reports

## Tying the knot in red tape



Who would want a top management job in the Civil Service? Long hours, poor rewards, excessive red tape and always in the public eye. You get the blame when things go wrong but ministers steal your thunder when it's a success.

The answer is - perhaps surprisingly - that top managers are queueing up to run the new executive agencies which are responsible for key government services such as the payment of social security benefits and high-tech defence research.

Most of the 81 chief executive posts have been opened to outside competition, and almost a third of the new agencies are headed by people from outside the Civil Service.

It certainly is not the salary that attracts them. The highest-paid agency chief executive is John Chisholm, head of the Defence Research Agency, who earns £140,000 a year.

While this is rather more than the £108,940 earned by Sir Robin Butler, the head of the Civil Service, it is in the lower division by the standards of the electronics industry whence he came.

The rewards come in other forms: for Chisholm, it was the prospect of "leaving my footprints in the sand" which lured him away from the private sector.

There he had built CAP Scientific from a standing start to a company employing 1,200 staff which had then merged with the French company Sema Metra to form a 7,500-strong European computing services group.

Added to change management, Chisholm was intrigued by the size of the Defence Research Agency job, which involved merging four armed forces research wings into a single 12,000-strong organisation capable of providing scientific and technical services to the defence ministry.

He also cites the importance of the job: "The defence of the nation depends to an important extent on the services of the DRA, which makes it a very different task from making confectionery."

Recruits from the private sector such as Chisholm remain rare in the Civil Service. More commonly, the new agency chiefs come from other parts of the public sector.

Michael Richard, for example, spent 21 years in local government before becoming head of the Benefits Agency, responsible for paying out social security benefits worth more than £22bn each year.

After six years as chief executive of the London borough of Brent and four years running Gloucestershire county council, Richard felt that his experience of managing local council services gave him the skills to help the Benefits Agency offer a better service to its 30m customers,

many of whom depended on it for survival.

He also had invaluable experience in dealing with politicians, not least from his spell at Brent, a council closely associated with the epithet "loony".

"If you can survive in the politics of Brent, you can survive anywhere," says Richard.

Working in a political environment requires skill, plus understanding of the needs of politicians who face different pressures to those on managers.

"Many people think that the politics is a bit tacky. But the real fun of working in the public sector is understanding the political process and what makes politicians tick."

Another source of new managerial talent has been the National Health Service, which began its management revolution in the early 1980s.

Ros Hepplewhite, one of the first NHS general managers, is chief executive of the Child Support Agency which from next year will ensure that single-parent families are supported by their absent partners.

She also brings experience of the voluntary sector, having been director of Mind, the National Association for Mental Health, before joining the new agency.

Like Chisholm, Hepplewhite was attracted by the prospect of building something new. Her agency next year takes over work on maintenance previously done by the social security department, the courts and family solicitors, with quasi-judicial functions in addition to its more straightforward money transfer functions.

She must recruit 5,000 staff, set up three different computer systems, open 450 offices and establish new procedures. She places customer satisfaction at the top of her priorities.

"Our aim is to achieve a result - an amount of money passing between two adults for as long as 16 years. If we can establish a good relationship with our customers, it will help us win their co-operation in what is a delicate matter, with-

out having always to resort to our powers.

"Only a third of lone parents receive support from the missing parent at present. If we offer courteous, prompt and accurate customer service, that proportion can be increased very rapidly."

Richard is also fluent in the language of customer satisfaction. He has launched a programme to make the agency's 470 benefit offices more customer-friendly and accessible.

Front-desk staff now wear name badges and the corporate uniform; they are also trained to give claimants information on the whole

range of benefits and even to advise them on which benefit to go for.

Central to his strategy is empowering managers to create a "bias for action" - a high-risk strategy in a sensitive area such as benefits payments: if customers in one part of the country are treated differently from those in another, the politicians will soon be breathing down the agency's neck.

Richard sees it as an important element of his job to convince ministers that the risk that something will go wrong - which is smaller than many fear - must be weighed against the greatly improved ser-

vice which newly empowered managers can offer to customers.

The Defence Research Agency may not have customers in the street in the same way as the Benefits Agency.

But Chisholm is well aware that it must become much more responsive to the civil servants in the Ministry of Defence who buy its advice and consultancy and will soon be free to shop around.

That means moving the DRA away from the traditional Civil Service model of rationing out services in line with priorities decided in Whitehall.

"When I came to the DRA, we were seen as being the organisation which said no," he says. "The challenge is to turn the whole organisation upside down, so that it is the customer who decides what is needed, and managers are empowered to meet those needs."

Chisholm has no regrets about his move into the Civil Service (though on his last day in the private sector, he felt he was making the worst mistake of his life as he signed 17 letters of resignation from various boards he sat on).

Interestingly, he feels less constrained by outside pressures working in the Civil Service than when he was at the head of a public company.

"In a plc, you are at the whim of two masters: the customers and the capital markets."

"You are constrained by the expectations of the shareholders, with life focused very much on the next half year's results, cash constraints as well as what you can achieve in the market place. In an agency, the main priority is to satisfy the customer."

The biggest "shock to the system" for Richard was the number of generalists in the Civil Service: the world of local government is dominated by professionals such as lawyers, architects, educationalists and so on.

One of his early moves at the Benefits Agency was to bring in an accountant as finance director, an estates manager and a training manager.

For Hepplewhite, it was the immense speed at which things must be done in Whitehall that she noticed as the biggest change. "Although I probably worked longer hours in the voluntary sector, the pace was much less intensive. But I am enjoying every moment at the Child Support Agency - it is a wonderful opportunity to get it right," she says.

And so long as the Civil Service can offer such benefits to its top managers, it should have no difficulty in attracting excellent people from outside its ranks.

## What are you going to tell the troops?

David Goodhart looks at the development of team briefings

Do team briefings achieve anything? Briefings, one of the personnel management fads of the 1980s, are supposed to inform employees of what is happening in their companies in the hope of increasing their commitment.

Nobody knows how many UK employees are covered by team briefings - one recent survey estimated that 55 per cent of UK companies practice briefing employees while another put the figure at 36 per cent.

But it seems that the number (estimated at 4m in the late 1980s) is steadily increasing, especially in financial services and retailing. The chances are that if your local store opens half an hour later once a week for "staff training", the employees are in fact being briefed.

The Industrial Society was one of the pioneers of team briefings in the early 1980s.

Its original team briefing advice described a top-downwards, face-to-face, monthly communication session in which a manager addresses groups of four to 15 people for a maximum of 30 minutes.

The Society originally promoted the team briefing by saying it was a technique modelled on the way the Roman army briefed troops before a battle.

That approach, according to consultant Andrew Lambert, is badly out of date.

Employees, he says, resent not being able to give their own views and often find that the information they are being fed is irrelevant or old hat.

Lambert's own consultancy recently found that of 87 companies surveyed about their team briefings, nearly 40 per cent had no "feed-back" mechanism for employees' views and only 59 per cent formally monitored the effectiveness of their briefing system.

Recent survey evidence of employee attitudes also suggests that most are left unmoved by team briefings.

A survey of 700 employees by the Manchester School of Management found that 81 per

cent of respondents thought briefings either left unchanged (77 per cent) or decreased (4 per cent) their commitment to the organisation.

Defenders of the system point to the fact that the same survey shows that 59 per cent of respondents at least felt better informed about their companies as a result of briefings.

But that means briefings are still failing merely to inform more than a third of employees.

The Industrial Society, and most other team briefing specialists, now say that if briefings are to be of greater use, they should be less one-way, both to satisfy employees' desire to complain or contribute and to use employees' knowledge.

David Trevor, currently advising the Regional Railways division of British Rail on its briefing system for 30,000 staff, says that the system has recently been spreading most rapidly in the public sector and the privatised utilities, partly to keep employees abreast of the huge changes these organisations have been undergoing.

That, he believes, could encourage the trend towards more two-way briefing, thanks to the relatively strong union traditions in the public sector and the commitment to an employee voice.

The traditional, top-down briefing, is still dominant in manufacturing but one of the UK models for two-way briefings is now the British Aerospace military aircraft division.

Even British Aerospace has not yet gone as far as the US company which conducts briefings by lap-top computer, and allows staff to make criticisms or suggestions anonymously.

To make more mundane team briefings work better, the key, all the experts agree, is for companies to be clear about what they want from the briefings.

Even if the aim is the limited one of simply informing staff of corporate developments, the briefing must be well structured and relevant and must not be beaten by the grapevine.

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## ARTS

## Einstein on the Beach

Andrew Clark

VERY 1970s, very American, very long and very different: *Einstein on the Beach* is back on the road. This is the five-hour multi-media work which established the international reputations of Philip Glass and Robert Wilson after its premiere at the Avignon Festival in 1976.

It was revived with modified lighting and choreography at the Brooklyn Academy of Music in 1984, and commercially recorded. It has now returned to Europe at the start of a world tour, beginning with four performances at the Frankfurt Opera House. There is still no sign of a British stage premiere.

The best that can be said of *Einstein on the Beach* is that it is an original piece of theatre. Populist in appeal, polyglot in its sources and postmodern in its quixotic experimental conservatism, it has been described by its authors as an opera - but it is no such thing. There is no story or drama, and no solo singing (apart from one short, wordless offstage soprano). It is more a carefully-wrought collage of pantomimes, dream-associations, nonsense recitations and meditations - all variations on the theme of Einstein, father of the atom bomb.

The work is divided into four acts, each framed by a "knee-play" (which you or I would be content to call a mixed interlude or point of function). Einstein is pictured as a boy observing a steam locomotive, as a young man compulsively writing scientific formulas, as a honeymoon with his wife and as an isolated old man with the familiar shock of hair, gently playing his violin.

Sometimes he is pictured

simultaneously in more than one incarnation - but always in the same braces, white shirt and baggy trousers.

There are surreal trial scenes which bring back the spectre of Galileo, and two fluently-patterned ballets - apparently meant to represent Einstein's "unified field" theory of physical forces.

Other images include clocks and watches, a spaceship and a nuclear cloud signifying the holocaust. Then, before the final "knee-play", we are left with the sentimental picture of a couple declaring eternal love. The piece depends as much on Wilson's trademark language of movement and lighting as it does on Glass's music, which rates as little more than background accompaniment, lulling the listener into a kind of stupor.

The principles of Glass's cell-like structures need no elucidation here: as with the banal Supermarket Text in Act 3 (like a needle stuck in the groove), they have a cumulative effect through repetition.

The score, played by seven members of Glass's own ensemble using amplified sound, recalls 1970s rock in the looser synthesiser passages (echoes of King Crimson and the Yes Album), and includes some haunting motifs, such as a five-note sequence for electric organ.

As the evening advances, the music becomes marginally less constricted: Einstein's violin is allowed a simple set of variations, and the saxophone is unexpectedly expressive in the industrial laboratory scene of Act 4, albeit against the background of a monotonous curdle.

Wilson's clear-cut representational decor, heavily stylised

in the comic-bizarre court scenes, is simple and attractive. The attention to detail and quality of timing among a large cast of dancers, actors and chorus-singers is impressive, especially in view of the unbroken time-span of the performance.

The most engaging aspect of all is Lucinda Childs' elegant choreography, and her own brilliantly controlled acting and declamation.

It is easy to see why *Einstein* appeals to a wide public: it does not require preparation, understanding or concentration. During the performance, you can slip out for a drink and a sandwich - the work actually encourages you to switch off for a while - and when you return, there is a good chance you will be watching the same sequence as when you left.

The Frankfurt audience entered into the spirit of the piece, but seemed not quite bowled over at the end. Perhaps *Einstein* deserves to be seen in a less traditional theatre. Perhaps its authors should have allowed scope for improvisation or even audience participation. Perhaps it is already a little dated. Certainly some of the claims made at its 1984 revival - likening it to a Wagnerian *Gesamtkunstwerk* which "defines the consciousness of an epoch" - seem overblown.

*Einstein* still has some novelty value, it may well be a seminal work for late 20th century American culture, but it offers limited scope for interpretation and snacks of pretentiousness. I found the time went by quickly enough, but I won't be rushing back for more.

Television/Christopher Dunkley

## Of clothes and shows

AMID the general passion for denigrating television, we should try to break the habit of judging the medium solely in terms of its populist worst, while judging other things - painting, music, landscape, the novel, clothing, sculpture, virtually everything but television - by its best. When did you last see an article heaping contempt upon the clothing industry because of the poor style and shoddy materials of cheap mass-produced clothes? Never, probably. Yet those are the clothes that sell in the largest numbers, which get the biggest "ratings".

Whatever their popularity, we disregard them and talk among ourselves about Barbour jackets, Chasney shoes, and Keturah Brown knickers. Why are so many people so ready to use *Eldorado*, *You've Been Framed*, and *Treasure Hunt* as sticks with which to beat television, when they would never dream of using Woolworth's trainers or Co-op jeans as sticks with which to beat the British clothing business?

Suggest that it would be a crime not to repeat such magnificent programmes as those in BBC2's *Alan Bennett Season* - the final sequence of *An Englishman Abroad* with Burgess striding across the bridge in his finery, earning an incredulous double-take from a Russian sailor, while Gilbert and Sullivan swell on the soundtrack, is near perfect, and *Theresa Hurst's* performance in *A Crown Cracker Under the Settee* is so powerful, that when I went to lay it down on tape and watched the first two minutes, I was hooked until the end even though I had seen it before - and people will murmur grudging agreement before harking back to *Eldorado* and the ghostliness of Jeremy Beadle.

It is as though you were trying to talk about Burberrys while your colleagues will only pour scorn upon trial blouses from Tesco. But is the analogy fair? Surely the proportion of good material on television is

nowhere near as great as the proportion of good products in the British clothing industry?

This is, of course, a morass of subjectivity, but my guess is that the proportions are just about the same, as they probably are in print or prepared food. The point is, that with the amount of television now on offer, and video recorders in almost 90 per cent of homes, there is, even in the supposedly dreary depths of summer, more worthwhile television available than any normal person could get through.

Have you been watching *Video Diaries* on BBC2? Admittedly this week's was an embarrassing example of the excesses of America's Me Generation ("Enough about me, let's talk about you; what do you think about me?"). However, others in the series have been startlingly successful.

In particular the programme made by an Albanian doctor, Ylli Hasan, was agonising, eye-opening, funny and utterly unforgettable. It seems astonishing that an amateur using a borrowed video camera should be able to reveal more about the true state of one of the former communist countries of eastern Europe than all the professionals, but here was vivid proof.

It is odd to have to say so, but Hasan's picture was more appalling than that presented by dramatist Andrew Davies and director David Tucker in *A Very Polish Practice* which opened a new season of BBC1's "Screen One" on Sunday. Davies is of course the man who brought us that acid-laced cocktail of humour and aly social observation, *A Very Peculiar Practice*. Having married Dr Dekker to "nasty girl" Grete, and moved the two of them to Warsaw, Davies transferred his beady eye to Poland and had terrible fun at the expense of the old apparatus, the new entrepreneurs (twice one and the same) and, thank goodness, that monster of English xenophobia and racism, Bob Buzzard.

Perhaps some viewers imagine that drama as strong and



Channel 4's Nomads: documentary soap opera from the Saharan desert

idiosyncratic as this crops up throughout world television; if so, they are wrong. It is similarly rare in other countries to find documentaries as intensely felt as Ron Peck's *Pickers*, a long and engrossing account of young boxers from London's East End.

Like a remarkably large number of other recent non-fiction programmes, this one clearly expressed the views of its maker; there was no "on the one hand, on the other hand" about this, no attempt to include the abolitionist line. Here was a boxing programme by a boxing fan, and the sea change which seems to be producing so many opinionated programmes of this sort is something we shall need to return to in a later column.

That was on Channel 4, as is the series *Nomads*, which began last Thursday with a memorable account of life among the Moors in the western Sahara. In no other anthropological programme (except the magnificent *Baka: People Of The Rainforest* where it played a small part, I seem to remember) has there been such a fascinating illustration of the universal tendency for wives to threaten to go home to mother if husbands don't buck their ideas up.

After years of watching television anthropologists treat their subjects like Meissen china, it was heartening to find here the same sort of robust attitude that you would expect

if the subjects were Welsh miners.

Traveller, wine drinker and sometime cook, Keith Floyd, is now a familiar figure, but *Floyd On Spain* on BBC2 on Tuesday is probably his best series yet. He seems to have resisted the temptation to become *The Compleat TV Show-off* and is, so far as one can tell, being himself, as he enthuses over fish, landscape, women, wine, or a marvellous cooking club for men. The gap between this and Fanny Craddock's *Kitchen Magic* in 1955 feels like more than a single generation. There is incomparably more entertainment in Floyd's programmes.

Arts enthusiasts are being offered *Live From The Proms* on BBC2, which recently showed not only Tchaikovsky's "Manfred" symphony (you can spend a long time in concert halls without hearing that), but also an elegant interval film about the St. Petersburg Philharmonic and how life has changed for the musicians as Leningrad has reverted to its old name and the "totalitarian" conductor Mransky has been succeeded by the "democrat" Temirkanov.

Better still, and also on BBC2, *DanceMakers* offered a profile of choreographer Jonathan Burrows, whose work I should have known about but did not. What we saw was almost all fast and vigorous (can he do slow and lyrical?) but above all - and this point was virtually ignored by Ross MacGibbon's programme, good

though it was in other ways - very funny. Funny choreographers are rare enough, so it is good to be introduced to one by television.

And there is more, much more. On Friday, BBC1 launched what looks like being the best police series for years, *Between The Lines*, which has the authenticity of *The Bill*, some of the fast action which has been missing since *The Sweeney*, and that frisson that comes with the suspicion that a series has a little devil in it. This time the devil appears to be the widespread belief that police malpractice should be investigated by somebody other than the police themselves, this series being about an internal investigation unit.

Finally, on Tuesdays, BBC1 has a series which seems to be aimed straight at FT readers: *The John Bull Business*, another current affairs series which abandons the old fence-straddling posture in favour of a far more critical stance which is both surprising and informative for a non-specialist. This, too, we should perhaps return to.

Of course there is an awful lot of rubbish on television, just as there is an awful lot of rubbish in every library and every supermarket. Yet we do not perpetually condemn the entire world of books as "Rubbish, not a thing to read", nor the collective output of the food industry as "Rubbish, not a thing to eat". So why are such different rules applied to television?

## Jacob's Pillow Dance Festival

IN 1930 Ted Shawn, husband and partner of the modern dance pioneer Ruth St Denis, bought an 18th century farm called Jacob's Pillow near Lee, Massachusetts, as a summer home for his company of male dancers. After the group disbanded in the early Forties, the Jacob's Pillow Dance Festival was inaugurated there.

A barn on the property served both as studio and theatre. Antony Tudor choreographed much of his great ballet *Pillar of Fire* in another barn. In 1962, a new theatre was built.

Under Shawn's direction, programmes typically used to consist of one ballet number, one modern, and one "ethnic", but whole evenings were often devoted to important visiting companies, such as the group of soloists from the Royal Danish Ballet and Ballet Rambert.

Under the direction of Lila Thompson from 1979 to 1990, and since then of Samuel Miller, the festival and summer school have continued to expand. Special courses and conferences are held; new dances have been commissioned from leading choreographers; companies are invited to be in residence to

develop new works. Performances now take place in three different spaces and the main theatre has been enlarged over the last two seasons.

Earlier this summer, I saw the Mark Morris Dance Group, regular visitors, in substantially the same mixed bill as they presented at the Edinburgh Festival.

On a more recent weekend, I saw a new ballet company, Ballet de Ville, directed by Peter Anastos. At that stage it was an ad hoc group led by dancers from other companies, with a corps de ballet that included advanced students in the Pillow's Ballet Repertory Project, several of them from Russia. The novelty in the programme was a recreation of *The Awakening of Flora*, first choreographed by Marius Petipa and Lev Ivanov in the summer of 1893.

The ballet was a favourite of Anna Pavlova, who appeared as Aurora in the first performance, succeeded Kshesinskaya in the title role in 1900, and revived the piece several times with her own company.

Anastos's pastiche fell between the stools of the kind of parody he used to

choreograph for the Ballets Trockadero de Monte Carlo and a serious attempt at reconstruction. His statements beforehand suggested the latter, but the performance tended toward the former, though with less sense of style than the Trocks had.

The uncertainty of tone may be the fault of the principals, who clearly did not believe in the material, unlike Nina Avramenko, one of the Russian corpsées, whose sweet soulfulness struck exactly the right note.

The following week, Garth Fagan Dance presented Fagan's *Griot* New York, which opened at the Brooklyn Academy of Music's "Next Wave" Festival in December last year and has since been seen at the Vienna Festival, among other places.

On the smaller stage of the Ted Shawn Theatre, the work loses none of its power, though one misses the live music of Wynton Marsalis and his Septet, heard here in a recording. The third collaborator is the distinguished American sculptor Martin Puryear, whose sets, consisting of oversized objects and implements and architectural forms in forced perspective,

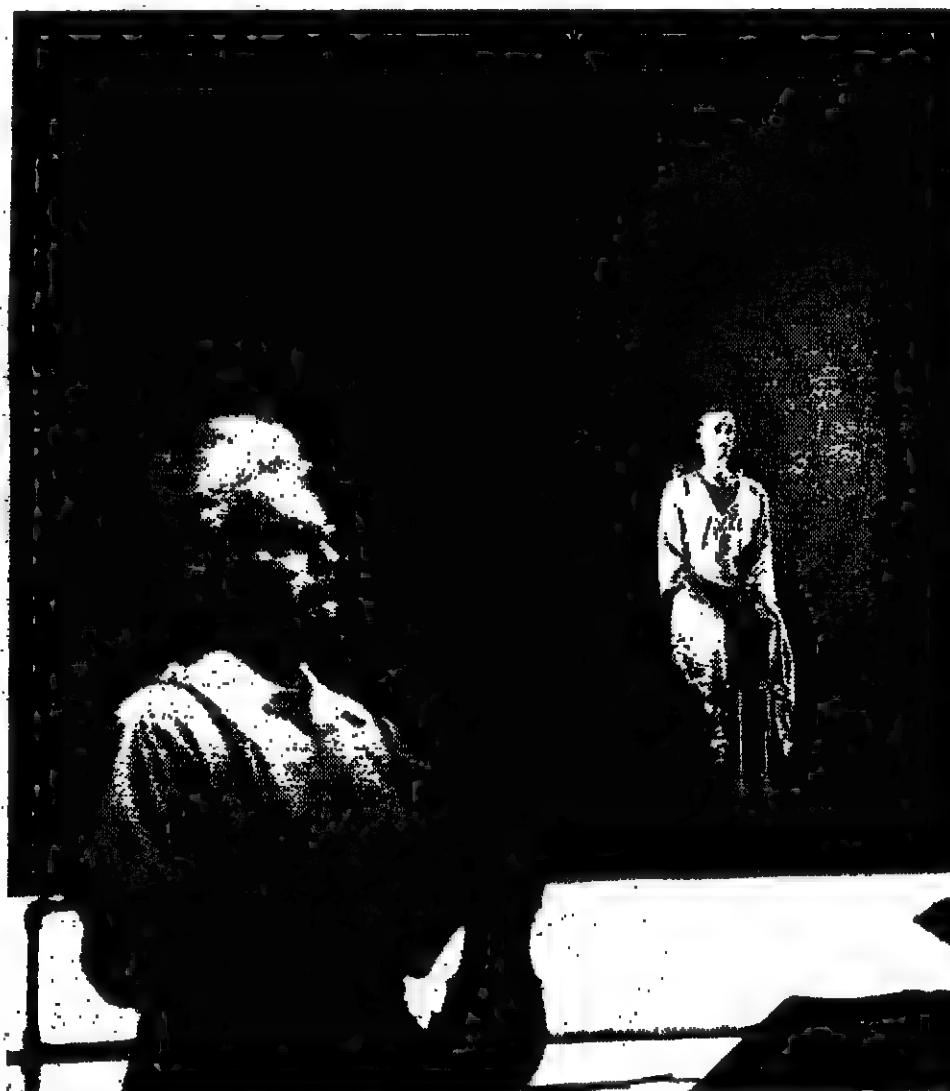
add their own metaphorical weight to the piece.

"Griot" is a West African word meaning "storyteller", but this is not a narrative piece. Rather, it is a series of pictures of life in the city today, focusing now on individuals, now on the group. It begins with a dance of courtship by Natalie Rogers and Norwood Pennewell, matching each other's virtuosity step for step. A later duet by Pennewell and Valentina Alexander translates a lovers' dust into interlocking arcs and angles.

There is a mysterious nocturne peopled by black-clad figures; the second half begins with a Goyaesque scene of despair set in some modern bedlam. The message is not all pessimistic; the piece ends with a joyous celebration of irrepressible urban energy.

In a recurrent movement motif, the dancers balance with one foot drawn up to the other knee, the torso arched back. *Griot* New York is thrillingly danced by Fagan's superb company, whose commitment to the work is palpable and deeply moving.

David Vaughan



Gregory Fulkerson as Einstein, complete with violin

## INTERNATIONAL ARTS GUIDE

## BARCELONA

**GRAN TEATRE DEL LICEU**  
The new season begins tomorrow with an orchestral concert conducted by Uwe Mundt. The programme, repeated on Sat, consists of Respighi's *Plains of Rome*, and Shostakovich's First and Second Piano Concertos (Vladimir Kravtsov). Cutlberg Ballet's production of *Swan Lake*, choreographed by Mats Ek, has six performances next week (Sep 15-20), and there will be concert performances of Fialla's *Atlantida* on Sep 23 and 24. The Philip Glass and Robert Wilson theatre work *Einstein on the Beach* arrives in Barcelona for five performances on Sep 29, followed by Tanz-Forum from Cologne on Oct 9. The Hungarian State Opera gives performances of operas by Bartók and Verdi starting on Oct 18. The first home-based opera production of the season is Donizetti's *Anna Bolena* starring Edita Gruberova, opening on Nov 9 (412 3532). **PALAU DE LA MUSICA**  
Visiting orchestras in the first

half of the season include the Vienna Philharmonic with Abbado (Sep 16), the Ensemble InterContemporain with Boulez (Oct 4), the English Chamber Orchestra (Oct 21) and the Bavarian Radio Symphony Orchestra with Maazel (Nov 7). There will be piano recitals by Evgeny Kissin on Nov 9, Vladimir Ashkenazy on Nov 30 and Alexis Weissenberg on Dec 16 (268 1000).

## BRNO

This Moravian city has an annual festival (Oct 1-11) with plenty to reward anyone willing to veer off the beaten track of more popular and commercial European festivals. This year's programme includes performances of Janacek's *Adventures of Mr Broucek*, but the main focus is on baroque music. Brno's excellent local choir will perform sacred music by Zelenka, and there will be a staging of *La rappresentatione di Anima et di Corpo*, a dramatic allegory by the late 16th century Italian composer Emilio de' Cavalieri. The festival also pays anniversary tributes to Rossini, Honegger and Milhaud, and includes a strong dose of contemporary Slovak and Czech music (tel 5-27151 fax 5-23671).

## FRANKFURT

**JAZZ IM PALMENGARTEN**  
Renowned bassist Günter Lenz and his sextet give the last of this summer's jazz concerts

tomorrow at 19.30 in the Palmengarten music pavilion.

## GOTHENBURG

**Stora Salen** 19.30 James Galway, accompanied by Philip Moll, plays flute sonatas by Reincke, Marlini, Fauré, Poulenc and Doppler. Tomorrow and Fri in Konserthus: Margaret Price sings Strauss' Four Last Songs with the Gothenburg Symphony Orchestra under Neeme Jarvi. Next week: Evgeny Svetlanov conducts Bruckner (187000).

## NEW YORK

**THEATRE**  
● The Real Inspector Hound: Tom Stoppard's comedy about a pair of drama critics who attend and appraise a performance of a traditional, worn-out British thriller (Criterion Theater, Broadway at 45th St, 869 8400).

● Jean Cocteau Repertory: Dylan Thomas' *Under Milk Wood* in repertory with *An Old Actress* in the Role of Dostoevsky's Wife, by Russian playwright Evdard Radzinsky (Bouwerle Lane Theater, 330 Bowery at Bond St, 677 0060).

● Jake's Women: Alan Alda at his genial best in Neil Simon's play about an ageing writer coming to terms with the women in his life, past and present (Neil Simon, 250 West 52nd St, 307 4100).

● Conversations With My Father: Herb Gardner's

bitter-sweet memory play about a bar-keeper, his two sons and patrons of his tavern (Royale, 242 West 45th St, 239 8200).

## CONCERTS

● Chamber Music Society of Lincoln Center pays tribute to Alice Tully next Mon with a concert on her 90th birthday. Artists appearing at this special event in Alice Tully Hall will include Isaac Stern, Yo Yo Ma, André Previn and Dawn Upshaw (875 5787).

## PARIS

● Riccardo Chailly and the Royal Concertgebouw Orchestra open the Châtelet's Schumann cycle with a concert on Sun at 17.00. The Châtelet's opera season opens on Sep 28 with Evgeny Onegin conducted by Semyon Bychkov and staged by Adolf Dresen, with Dmitri Hvorostovsky in the title role, Neil Shicoff as Lensky and Nuccia Focile as Tatiana (4028 2840).

● Ensemble InterContemporain opens its 1992-3 season on Fri with a concert at the IRCAM. Espace de Projection conducted by Peter Eötvös, featuring music by Jonathan Harvey, York Höller and Tristan Murail. On Sat, Ed Spanjaard conducts music by George Benjamin and Gilbert Amy. On Sun, Eötvös conducts works by Michael Jarrell and others.

The next concerts in late October are conducted by Pierre Boulez and Luciano Berio (4260 9427).

● Marek Janowski conducts the Orchestre Philharmonique de Radio France at the Grand Auditorium of Radio France next Tues. The programme consists of Lutoslawski's Concerto for Orchestra and Messiaen's *Turkish Rhapsody*. Charles Dutoit conducts the Orchestre National de France at Salle Pleyel on Sep 17 and 18 (4230 2308).

● Gabriel Bacquier stars in a revival of Les Mousquetaires au couvent, an opéra by Louis Varney (1844-1908), opening at the Opéra Comique on Sep 25 (4266 8883).

● Rudolf Nureyev is to choreograph the new Opéra Ballet production of *La Bayadère* opening at the Palais Garnier on Oct 8. The production will have 15 performances in Oct and will be revived in late Jan (4017 3535).

● Marie McLaughlin and Gilles Cachemaille head the cast in *Le nozze di Figaro*, which opens the new season at the Bastille on Sep 24. Honegger's *Jeune d'Arc au Sûcher*, conducted by Myung-whun Chung, opens on Oct 9 and Gwyneth Jones stars in *Elektra*, opening on Oct 13 (4001 1616).

François Couperin tonight at 20.30 at Eglise Saint-Severin (4804 9801).

## STOCKHOLM

**OPERA/BALLET**  
Ingvar Lidholm's new opera *A Dream Play*, adapted from Strindberg, receives its world premiere on Sat at the Royal Opera. In a staging by Götz Friedrich. The cast includes Hillevi Martinpelto and Hakan Hagegård (further performances on Sep 14, 18, 21 and 23). The repertoire also includes Ashton's choreography of *Cinderella* tonight and tomorrow, and John Neumeier's *A Midsummer Night's Dream* on Fri, next Tues and Wed (248240).

## CONCERTS

Gennady Rozhdestvensky conducts the Stockholm Philharmonic Orchestra tonight and tomorrow in the Konserthus. Frank Peter Zimmermann is soloist in Dvořák's Violin Concerto, and the programme also includes works by Lidholm and Nielsen. Fri: James Galway recital. Sat afternoon: Rozhdestvensky conducts a programme of orchestral favourites. Sun afternoon: Esa-Pekka Salonen conducts the Stockholm Chamber Orchestra in works by Bach, Ravel and Stravinsky (244130).

Sat afternoon at Berwaldhallen: Salonen conducts the Swedish Radio Symphony Orchestra in works by Sandström and Bruckner, with trumpet soloist Hakan Hardenberger (784 1800).

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**Super Channel**  
0830-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV  
2130-2200 (Tues) Media Europe - what's new in European media business  
2130-2200 (Wed) FT Business Weekly - global business report with James Brinlin  
0830-0900 (Thurs) Media Europe  
2130-2200 (Thurs) FT Eastern Europe Report  
0830-0900 (Fri) FT Business Weekly

**Sky News**  
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

## SATURDAY

**CNN**  
0800-0930 World Business This Week - a joint FT/CNN production  
1900-1930 World Business This Week

**Super Channel**  
1930-2000 FT Eastern Europe Report

## SUNDAY

**CNN**  
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**Super Channel**  
1800-1930 FT Business Weekly  
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## FINANCIAL TIMES

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Wednesday September 9 1992

## Nordic paths diverge

COHABITATION WITH Germany inside the Exchange Rate Mechanism when the D-mark is prone to powerful upward lurches against the dollar is no picnic. Living outside the ERM while trying to abide by its rules is even worse, to judge by the mainland that has consumed the Nordic economies.

Yesterday the Finns reluctantly concluded, with Oscar Wilde, that consistency is one of the seven deadly virtues. Having busily activated their swap accords with the Bundesbank over the past week to defend the currency, they suddenly abandoned the attempt to maintain a fixed parity with the Ecu. The markka saw an instant *de facto* devaluation of about 13 per cent - its second devaluation in less than a year.

The Swedish central bank, meantime, was forced to raise its key marginal lending rate by no less than 8 points to 24 per cent in order to cope with the currency market pressures that followed the neighbouring country's decision to float. Yet the two countries confront remarkably similar economic problems, among them, debt deflation, negative growth and rising unemployment. It follows that their respective exchange rate policies are unlikely both to be right.

The striking feature of the Swedish response to recent economic events is that it looks like a re-run of the 1930s in reverse. Then, Sweden escaped from recession, as did Britain, through a policy of competitive devaluation. But the built on its success in the post-war period by developing a welfare state that came to be regarded as the key component of a model social democracy. Yet its present plight derives from having too much of these two good things.

In the 1970s and 1980s public expenditures took a disproportionately large share of gross domestic product, while devaluation failed to solve problems of declining

competitiveness. Subsequent difficulties have been compounded by the 1980s credit boom which caused a property bubble.

Today Sweden shares with its Nordic neighbours the highest real rates of interest in Europe and a lower rate of inflation than Germany. It is trying to reduce a budget deficit now approaching 8 per cent of GDP. Yet the present disinflationary policy of shadowing the Ecu is ill-designed to permit a significant transfer of resources into the tradable goods sector, without which the economic growth that will make the public finances manageable is unlikely to be forthcoming.

Against a background of debt deflation and weak labour markets, the inflationary consequences of devaluation should not be too threatening, provided a firm grip is kept on public spending. In the case of Finland, which last year suffered a 6½ per cent fall in GDP largely because of the loss of trade with the former Soviet Union, higher prices will help in distributing the resulting real income losses. Even if the Swedish authorities are able to make modest reductions in nominal interest rates before too long, it is hard to see how the deflationary impact of continuing high real rates of interest will provide an escape from economic stagnation. Nor will it do much to re-establish the credibility of the currency.

No doubt Sweden wishes to keep its options open in relation to the European Community. But the cost is high and the message for others discouraging. The flight from the krona after the Finnish float gives some indication of what might hit sterling if the Italian Lira is the subject of a unilateral downward realignment. And the failure of competitive disinflation to deliver economic growth in Sweden is something that the British Treasury might also ponder with profit.

## Killings at Bisho

SLOWLY BUT surely the prospect of a stable, democratic South Africa is moving out of reach. The circumstances of the June massacre in Boipatong and Monday's slaughter in Bisho differ widely, but are the symptoms of the same malaise - politically motivated violence. The latest tragedy underlines the need for a speedy implementation of the Security Council's plan for a UN observer team intended to help avert such tragedies and revive the stalled peace process.

No party emerges from the Bisho killings with clean hands. The overwhelming burden of blame clearly rests on Brigadier Oupa Gqozo, leader of the nominally independent homeland of Ciskei. Yet Brig Gqozo is also a creature of apartheid, and Pretoria remains the puppet master. President FW de Klerk's denial of responsibility on the grounds that the massacre did not take place on South African soil, and that it was Ciskei soldiers who were in charge, is disingenuous. A similar march in July nearly ended in bloodshed; intervention by South African security forces might have prevented Monday's massacre.

But it is the tactics of the ANC that deserve to come under the most critical scrutiny. What was its objective in marching on Bisho? If it was to parade the party banner in an important constituency, where Brig Gqozo's regime has not without hope before the latest tragedy, it was a legitimate albeit risky exercise.

There seems little doubt, however, that for some demonstrators, notably senior members of the South African Communist party, it was an intoxicating opportunity to storm the barricades, at the risk of deaths, to give impetus to the

mass action campaign that fixed out after its launch last month. The rhetoric of these radicals obscures reality. Mr de Klerk is too weak to govern effectively; but he remains too strong to be overthrown - or allow the ANC to overthrow homeland leaders.

Corrupt and authoritarian as most of the homeland "governments" are, they are a fact of life, notwithstanding the political fantasy of their claims to independence. They perform practical administrative roles, responsible for education, health, housing and other services. A post-apartheid government must live with - and work through - the administrative structures now in place.

But unless the ANC is prepared to countenance bloodshed on a scale far exceeding the massacre in Bisho, the future of the homelands must be determined at the negotiating table. The appropriate formula has in fact already been accepted at the Convention for a Democratic South Africa, the multi-party negotiating forum which reached deadlock last May. Nearly all homeland leaders agreed in principle to referenda which would offer the choice of independence or re-incorporation into South Africa.

But the homelands are secondary to the fundamental issue: how to re-launch negotiations on reconciling majority rule and minority rights. And here the outlook was not without hope before the latest tragedy. Although piecemeal and tardy, the government's response to the ANC's terms for the resumption of talks, broken off after the Boipatong killing, had appeared to open the way for renewed negotiations. The Bisho massacre makes the need for such talks even more pressing.

## CBI economics

BEHIND the tough talk and smooth delivery, Mr Howard Davies had little new to say to yesterday's session of the Trades Union Congress. As a leader of the Confederation of British Industry, Mr Davies has made an energetic start and it was a constructive move to visit Blackpool yesterday. But his speech revealed that he has not entirely dispensed with the muddled economic ideas which have weakened CBI pronouncements in recent years.

His predecessor's mistake was to argue from the general to the particular. Yes, a country can afford to pay itself what it earns in increased productivity. No, this is not a rule of thumb that individual companies should follow. If they try, high productivity companies will merely force up the overall rate of wage inflation, as they did in the late 1980s.

Mr Davies has taken the opposite route, from the particular to the general. Yes, few British

industrialists and exporters complain about the level of the exchange rate. No, this does not prove that Britain is free of "a fundamental exchange rate problem", as Mr Davies claimed.

One reason exporters tend not to complain about the exchange rate is that they are still in business. But there are too few of them left, as Mr Davies himself pointed out. "Manufacturing industry is now leaner and fitter than it was a decade ago... but there isn't enough of it."

That is why Britain still has a competitiveness problem. British employees, by their workers, managers or directors, have been paying themselves too much for decades. UK productivity growth outstripped the European competition in the 1980s, but so did real wage growth. And British industry remains less productive and less profitable than its competitors... as Mr Davies might well have reminded the TUC.



FOREIGN AFFAIRS

It will not, we are told, be the end of the world if the French vote No to European union. That is presumably true. But it is also true that the idea of European union was not dreamt up for the fun of it. The Maastricht treaty is an attempt to respond to the new situation in Europe created by the end of the cold war - a situation full of hope, but also of unfamiliar danger. The treaty is far from perfect, but no alternative has yet been offered. And if Europe fails to respond at all, the results could be grim indeed.

In the former Yugoslavia the end of the cold war has already allowed the outbreak of hot war, with thousands killed and some 2m people driven from their homes. As Mr Jacques Attali, president of the European Bank for Reconstruction and Development, warned on Monday, this "may only be the beginning" of ethnic wars throughout eastern Europe, unless western Europe lives up to its responsibilities.

For centuries the main fear of European statesmen has been the deliberate use of force by one state against another - especially by one powerful state to establish domination over the rest. Now suddenly that threat has almost disappeared. In its place has come the danger of a complete breakdown of order on western Europe's periphery - an almost continuous zone of instability stretching from the Arctic circle through eastern Europe, the Balkans, the Middle East and along the Mediterranean's southern shore.

Why does anarchy on its borders threaten the comfortable existence of western Europe? Perhaps the most direct threat is that of nuclear or chemical fall-out, if unconventional weapons are used in the former Soviet Union, or if the collapse of social discipline and political control leads to a second Chernobyl.

More indirectly, the disintegration of the Red Army and of the Soviet defence industries has greatly increased the danger of weapons proliferation. It is putting more dangerous arms into the hands of dictators or terrorist groups in the Middle East, and perhaps even in the Balkans.

Next, in both eastern Europe and the Maghreb lack of security is pushing more and more people to migrate westward or northward. Western Europe could perhaps absorb them economically, making up for the decline in its own birth rate, but not without straining its social and political structures to the breaking point.

Finally, there is the risk that western powers may get sucked into other people's quarrels, as former national frontiers dissolve and conditions spring up based on ethnic solidarity or on the old adage that "my enemy's enemy is my friend".

Already Greece and Turkey, both Nato members, have formed axes with opposite sides in the Yugoslav conflict, with Greece backing the Serbs and Turkey supporting the Albanians and Bosnian Muslims.

That is not an argument for west Europeans to turn their backs on Balkan problems. It does mean they need to be very careful about the form of their intervention. The worst mistake would be for different west European states to identify with opposite sides in a local conflict - as nearly happened with Germany backing the Croats and France the Serbs in the second half of 1991. That is precisely why the leaders of the European Community, at Maastricht, felt it necessary

European stability depends on integrating the east into a federal union built around the EC, argues Edward Mortimer

## The dangers of disorder



to create a "European Union" (EU), with a common foreign and security policy (CFSP).

A new European security system will take years to assume a clear shape. Europe faces a wide variety of security problems, and will have to deal with them through a variety of institutions. At best there will be, in the words of Nato's Rome Declaration last November, "a framework of interlocking institutions", in which Nato, the Conference on Security and Co-operation in Europe (CSCE), the EC, the Western European Union (WEU) and the Council of Europe will complement each other.

But Nato will continue to be seen, both by its members and from outside, as a "hard security" organisation, concerned mainly with defence against the old type of threat. In the absence of a renewed east-west conflict it is therefore unlikely to acquire a broader political role - unless it can overcome its inhibitions about admitting new members, and thus extend its security zone into eastern Europe, where it is most needed. If it does do that, it could come to provide the hard security dimension which the CSCE would otherwise lack.

The CSCE will be the main forum for discussing security concerns common to Europe as a whole, with the participation of both the US and Russia. It has come to represent the aspiration of the continent to

achieve that "just and lasting peaceful order" (the official objective of Nato from 1947 onwards) with the understanding - which since 1989 has become a consensus - that such an order must be based on shared norms of democracy and human rights. For the CSCE to help achieve this aim, it would need to improve and strengthen its machinery not only for verifying arms control agreements but also for the peaceful settlement of disputes, the protection of national minority rights, the humane treatment of migrants and asylum-seekers, and possibly also the provision of peace-keeping forces.

The establishment of such a stable and peaceful order in Europe presupposes that Russia and the states associated with it must find their rightful place in the wider world community. But those central and east European countries which have no organic or permanent connection with Russia will inevitably look westward for investment, markets, and political support. Germany, as the country nearest them and the strongest economy in Europe, will be best placed to provide all three. If only for historical reasons, it is much preferable that these countries be associated with Germany in the context of an integrated European union, rather than becoming

mere satellites of a dominant nation-state.

Such an integrated union can only be built around the EC. If the process of west European integration continues, the EU, based on the present EC, should emerge as the main political entity standing between the US and Russia. It is likely to have a multi-tier or at least a multi-speed structure, with initially only a hard core of members belonging to its monetary and defence institutions - the latter being derived from the WEU.

A prime function of such a union, while consolidating the unity between its original members, would be to "facilitate the gradual integration of eastern and central European countries into the west European market. This means, as Mr Attali said, that the west European market must be opened up. A secondary but important function would be to seek a more harmonious relationship between its members and their southern neighbours, notably the Maghreb countries.

In order to carry out both these functions effectively the EU would need, among other things, a common immigration policy, based on the requirements of its internal labour market and backed by appropriate housing and social policies. A common immigration policy is unwelcome unless it includes a common policy on asylum for political refugees. The EU would, in any

case, need to co-ordinate the policing of its external frontiers.

Will a union capable of undertaking such a central role in European security come about? It is far from certain. Even if the Maastricht treaty is ratified, few people believe that it provides a definitive constitution for a Community which now faces successive waves of enlargement. The union it creates is a hybrid affair - part federal super-state, part intergovernmental organisation. The problem of the "democratic deficit" remains unsolved, since many decisions are left in the hands of ministers or heads of government who are accountable individually to their national parliaments and electorates, but collectively to no body representing the European electorate.

A common foreign policy is proclaimed, but the procedure set forth for follow-up decisions - seems designed to produce the maximum number of conflicts of interpretation. More seriously, implementation of the policy is left to the rotating presidency, "assisted if need be by the previous and next member state to hold the presidency".

The European Commission - which already represents the EC in trade negotiations, administers its foreign aid programmes, and maintains "embassies" in a number of foreign capitals - is supposed to be "fully associated" in the tasks arising from the CFSP. But it is unlikely to be given either the mandate or the staff to play the part of a foreign ministry. A coherent foreign policy is not likely to emerge from this mish-mash of disparate procedures and rival bureaucracies.

A credible European union, able to make the contribution to European security outlined above, would need a more coherent structure. It is hard to see how that structure can be other than federal in form, but this should not mean that the union would inevitably encroach on the powers of its member states in every domain. Of the contrary, a federal constitution would be one which the powers of the nation would be defined and circumscribed, and those of the state protected by judicial power. The constitution would be amendable only by a predetermined procedure requiring a very broad consensus.

This is essential, because without it, the central power is liable to expand until the peoples of Europe revolt against it, with the danger that they would pull down the entire edifice in the process.

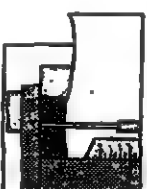
If no European union capable of responding to these challenges comes into existence, nation-states would have to cope with them separately and will almost inevitably come into conflict with each other. Among these nation-states Germany would be the strongest, and the only way for other states to avoid falling under Germany's hegemony would be to band together, in time-honoured fashion, as an anti-Germany alliance. But if Britain and France formed such an alliance, it is hard to imagine that Germany would long allow them the monopoly of nuclear weapons. Thus Europe would experience, at best, a new balance of terror or, at worst, a downward slide towards a new world war.

Edward Mortimer's *Adelphi* Paper, *European Security after the Cold War*, will be published on Friday, September 12, by Brassey's for the International Institute of Strategic Studies, £9.50.

## PERSONAL VIEW

### Not so super-unions

By Tony Cooper



Membership of unions affiliated to the Trades Union Congress has fallen by just over a third since 1979. The number of affiliated unions has fallen by a slightly lower proportion. So the decline in the number of unions has not quite kept pace with the decline in membership and is not the result of any out-of-the-ordinary merger activity.

This position is about to change. With the creation of Uniforum from the merger of the ASU and ECU, and the rumours of an eventual merger of the GMB and the TGWU, four union conglomerates - the three mentioned plus MSF, the general technical union - would contain two-thirds of the whole TUC-affiliated membership.

The assumption is that the remainder would then have little choice but to join one of the big four, or amalgamate to create one or two further super-unions or union federations. This is inevitable or even desirable?

The added benefits to members claimed by super-union enthusiasts include increased power and/or influence derived from numerical strength; economies of scale; and the vague but important concept of industrial logic.

Power, in the sense of industrial muscle, has not been related to crude numerical strength since the ban on secondary action. There may, however, be a potential benefit in a more integrated membership within any one company or industry. Trade union influence is more closely related to specific industry expertise and the level of membership participation than to the union's size.

Economies of scale are in theory

possible in administration, negotiation, and negotiation support such as research. The main potential administrative benefit is often thought to be in membership records and distribution systems. Rarely, however, is the capital outlay needed to bring together different systems, hardware and software justified. Negotiation resources can only be rationalised if there is considerable common membership within industries and companies. Support services such as research consume a fairly small proportion of union resources.

Economies of scale therefore may be small and largely dependent on the concept of "industrial logic". To reverse the decline in membership, unions must be seen as relevant and expert. This is more likely to be achieved by specialist unions.

Conversely, there may be significant losses of benefit owing to increased size.

The essential difficulty is how to allocate resources efficiently, which is a central, top-down function, while retaining democratic accountability, which by its nature is bottom up. The universal response to this problem in union mergers is the creation of a new set of organisational and committee structures, the servicing of which may consume more resources than the economies of scale realise. It is often particularly wasteful of scarce lay representatives' time, leading to a concentration on internal debate rather than talking to management or members.

There are three components to the concept of industrial logic: the existing union interface within companies and industries; a similarity of interest among members; and a similar union culture. It is, for instance, appallingly difficult to bring together a union with a strong central organisation and one with a loose federal structure.

The philosophy and strategy behind the creation of huge general unions simply ignores all three of these components. This means that any economies of scale are difficult to realise; may be swallowed by extra bureaucratic costs in an attempt to reconcile the irreconcilable; and may lead to alienation if members perceive themselves as small fish in a large pond that they suspect is not relevant to themselves. Membership loyalty is likely to be eroded, further diminishing any theoretical economies of scale.

If the decline in trade union membership is to be reversed, unions have to be perceived by potential members as relevant and expert. This is more likely to be achieved by specialist unions which, by nature of their specialism, are seen to be relevant; can allocate resources both democratically and rapidly because of limited competition for those resources; do not expend too high a proportion of their resources on internal bureaucracy; and can maintain a high level of professional, industry-related expertise.

This is not to condemn union mergers, but to deny that they are inevitable or desirable - unless clear criteria of industrial logic are met.

The author is general secretary of the Engineers' and Managers' Association.

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# High-stakes power play in the homelands

Monday's massacre in Ciskei has damaged the prospects for compromise in South Africa, says Patti Waldmeir

South African politicians spend a remarkable amount of time vowing not to speak to one another, and Monday's massacre in the Ciskei black homeland has prompted yet another round of dark threats from both sides about the future of constitutional negotiations.

Indeed, for most of the two and a half years since Mr Nelson Mandela was released from prison in February 1990, the official position has been that the African National Congress (ANC) and the government are not negotiating. Meanwhile, there has been almost continuous contact between officials from both sides, discussing everything from political prisoners to constitutions. But those contacts are described as talks about talks, or talks about why there are no talks. Officially, the ANC and the government are not speaking.

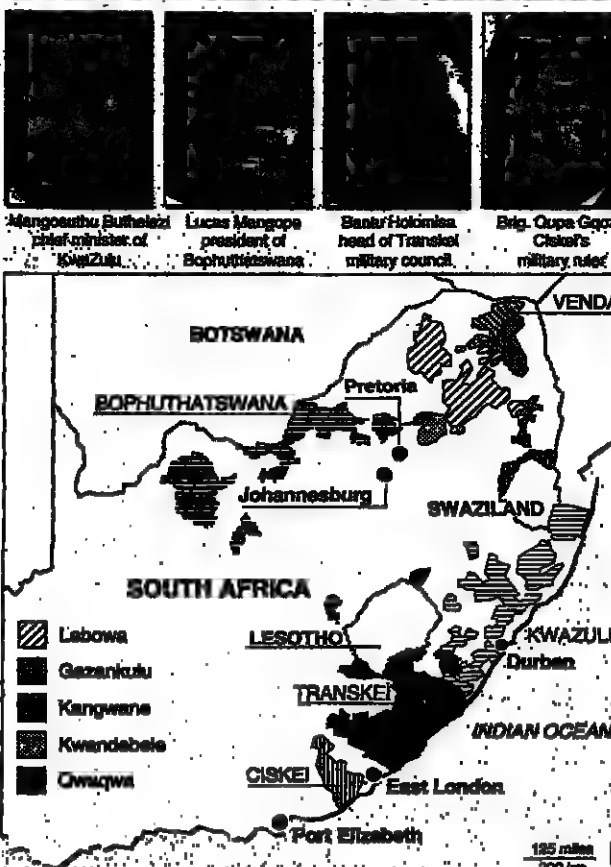
That is the situation now: the ANC says it cannot talk to the "regime" because it holds Pretoria responsible for the Monday killings, carried out by the security forces of Ciskei, one of the black homeland governments which survive only through South African support. The government says it is "reassessing" talks with the ANC because the organisation seeks to impose its will by violence, through the kind of provocative mass action which left 28 dead in Ciskei.

There is fault to be found on both sides, and each is now busy finding it. But independent politicians believe the real fault lies in the fact that neither side is serious about negotiation — not serious enough to face real political compromises over power sharing; not serious enough to agree on an interim government which alone can restore stability; and not serious enough to settle the future of the homelands. Put simply, neither side yet feels enough pain to make compromises aimed at stopping it.

Monday's march in Ciskei, organised by the ANC with the aim of overthrowing the government of military dictator Brigadier Oupa Gqozo, was meant to step up the government's pain. ANC officials disagreed over whether such a strategy was worth the risk, but the strategic gain for the ANC is now obvious.

For Ciskei is rightly seen, internationally and domestically, as South Africa's responsibility. Pretoria created the homelands, and Pretoria sustains them with financial security and political support. With Monday's deaths the government of Mr FW de Klerk can no longer delay dealing with the homeland problem.

## South Africa: restive homelands



In reality, of course, the homelands are not one problem but many. For the 10 "homelands" created as segregated tribal states under apartheid each have their own political identity and their own aspirations to power in the new South Africa.

Transkei, the second-largest homeland with 3.5m inhabitants, has proved fertile ground for ANC mobilisation. Its residents are Xhosa — the tribe of Mr Mandela and other top ANC leaders — and its leader, Gen-

eral Bantu Holomisa, is the staunchest ANC supporter among homeland leaders. Gen Holomisa seems to have chosen his ally wisely, for he has escaped the ANC's campaign against the repressive practices of homeland leaders.

Instead, the ANC has chosen to target Ciskei, the much smaller Xhosa homeland in the eastern Cape, with a population of 800,000. Ciskei has suffered increasing repression since Brig Gqozo took power in a March 1990 coup. Undoubtedly, the ANC has been ham-

pered in its attempts to organise politically in Ciskei, so it is hardly surprising that the organisation should target Brig Gqozo for protest. But as the Johannesburg daily Business Day pointed out yesterday: "Gqozo's sin... is not that he heads an unrepresentative homeland regime spawned by apartheid, but that he does not agree with the ANC."

The problem for the ANC is that the two other most powerful homeland leaders — Lucas Mangope of Bophuthatswana and Chief Mangosuthu Buthe-

lezile of KwaZulu — also disagree with the ANC. Official ANC strategy is to seek their overthrow by force.

Neither is a negligible foe. President Mangosuthu Buthe has been accused of widespread corruption and repression against members of the ANC. But as how to the second largest platinum mine in the world and with the strongest economy among the homelands, any move to overthrow him would be resisted by business and government

leaders in South Africa.

The risks of taking on Chief Buthe are even greater. The KwaZulu homeland which he heads is 5m strong, with the most powerful security forces of any homeland government. Furthermore, Pretoria is counting on Chief Buthe as a crucial ally in the first multi-racial elections (officials of the ruling National party believe he could deliver 1m votes to a moderate alliance). The government cannot afford to do without him.

So the risk is great that the ANC's plan to overthrow the governments of Ciskei, Bophuthatswana and KwaZulu could lead to violence. ANC leaders know this, and are using it to pressure Pretoria for a solution which would bring the homelands back into a multi-racial South Africa and destroy them as ethnically-based centres of power.

The outline of such a solution was agreed four months ago at the Convention for a Democratic South Africa (Codesa). There, the 10 homeland governments (except Bophuthatswana, which reserved its position) agreed to separate referenda on the issue of reincorporation into South Africa. Church leaders spent much of yesterday trying to persuade Brig Gqozo to agree to such a referendum for Ciskei but he later rejected their proposal. Still, Pretoria could regain strategic ground lost to the ANC by persuading homeland leaders to agree to such a test of popular will.

By so doing, the government would risk losing some important allies for its planned electoral coalition of whites, coloureds, Indians and moderate homeland blacks. But after Monday's events, Pretoria will find it increasingly difficult to resist calls to determine the homelands' future democratically, through referendums.

But if negotiations cannot resume without an act of statesmanship of this sort from Mr FW de Klerk, the same demand must be made of Mr Nelson Mandela, the ANC leader. For whatever the successes of the ANC's recent campaign of mass action against the government, it remains very unlikely that Pretoria can be overthrown by the ANC. The ANC can raise the temperature of negotiations, but not to a level which would force substantial concessions on the central issue of distributing power in the post-apartheid South Africa.

Both men will be called upon to rise above the fray and act as statesmen rather than political streetfighters. The risk is that if they fail to do so soon there will be nothing of value left to inherit.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Small share no longer seems to be beautiful

From Mr Paul R King.  
Sir, My company is one in which Warburg suddenly ceased to be a marketmaker last week.

My immediate reaction is that this decision and other similar ones recently taken by other marketmakers must mark the beginning of the end not only of marketmaking in smaller companies such as our own, but also of such listings.

It seems to me that there will be little virtue in being a listed company.

Why should we be treated like second-class citizens, relegated to The Stock Exchange's Bulletin Board? Presumably we shall still have to comply with the same stringent listing requirements and pay the same fees as hitherto.

It will offer little encouragement to budding entrepreneurs to come to the market, yet the government and the stock exchange would have us believe that small businesses are the life-blood of the nation.

In our own particular case, while the trade in our shares is not large, we have many small local shareholders who to date have been able to deal readily in our stock. Executives have been able to market their shares when the need has arisen.

Members of our company's successful Save As You Earn Share Option Scheme have had no problem in being able to deal in options when these were granted. The ability to transact business via the Bulletin Board, where bargains have to be matched, is bound to be much more difficult. The attraction of holding shares in smaller companies will decline, as, presumably, will their value.

In the corporate world it seems sadly that small is no longer beautiful.

Paul R King, chairman and managing director, Property Partnerships, Novor House Theatre Street, Norwich NR1 1RH

### Education: mixed messages and incompatible grades

From Mr K W Ruddiman.

Sir, Last week the Engineering Council told us that it wanted to add technology to the list of A-levels ("Engineers warn on A-level courses", September 1). This week, the British Institute of Management tells us that it wants to replace all A-levels ("Pitman steps up GCSE attack", September 7).

The post-16 further education sector is totally flexible and willing to be demanded, but it would be helpful if the consumers could get together and articulate for us a consistent and coherent message.

It is not now time for a national forum to identify this demand with the Department of Education and the Department of Employment acting as

facilitators rather than gatekeepers.  
K W Ruddiman, principal, Wakefield District College, Wakefield, W Yorkshire WF1 2DH

From Dr W Pezmy.

Sir, In the debate on a broad-based examination I would like to offer a few comments on the International Baccalaureate as compared with A-levels.

There is no doubt that the IB offers a demanding but flexible mix of numerate, social and scientific subjects, with three subjects on a higher level and three on a subsidiary level in addition to training in the basics of philosophy. A very

satisfactory level of *Allgemeinbildung*, or general education, is achieved, allowing direct access to all university systems.

There is, however, a real objection to the IB as far as UK university admissions are concerned: the grading levels range from 7 to 1, with 7 being the best grade. In the UK 7 is equivalent to A, 6 to B and 5 corresponds to a C in the A-level system. This puts IB students clearly at a disadvantage in the admission procedure. It would be highly desirable if admission officers took account of that.

W Pezmy, managing director, Broelchemie, Cologne, Germany

### Root of problem facing Shias in southern Iraq has yet to be addressed, despite no-fly zone

From M F Ruiz.

Sir, Security Council Resolution 688, based on Chapter 7 of the United Nations Charter, is a mandatory resolution. It "demands that Iraq immediately end... the repression of the Iraqi civilian population". It calls on the United Nations and member states to address humanitarian needs and provides enforcement mechanisms for dealing with internal man-made disasters in Iraq which threaten international peace and security.

Recently, your columns have suggested that a plausible explanation for roving across southern Iraq is missing. The question is not to ask why a no-fly zone is being established at this time, but rather why the UN and the international community are not doing more regarding the human rights situation in Iraq.

Since last year, the UN has provided assistance in Iraq on the basis of a memorandum of understanding (MOU). It is clear from the UN's failure to convince Baghdad to extend the MOU that the UN cannot pursue its aims based on such an agreement. An MOU could perhaps never have been proposed, especially as 688 is a legal basis for the UN's human-

itarian mandate in Iraq.

It is time to enforce 688. It is a clear instruction, requesting the UN's secretary-general to "use all the resources at his disposal... to address urgently the critical needs of the refugees and displaced Iraqi population... [and] demands that Iraq co-operate with the secretary-general to these ends". Failure to carry out the resolution will result in further suffering.

In the absence of effective

UN action, the allies have chosen not to wait. The no-fly zone is unlikely to deter Saddam Hussein from launching a ground offensive in southern Iraq. What will happen then? The allied aircraft are a short-term solution. The aim is to provide comfort to besieged Shias, but the root of the problem has yet to be addressed.

M F Ruiz, CP 2580, 1211 Geneva 2, Switzerland

### Take a risk on sterling

From Mr Rowan M L Marsh.

Sir, The UK chancellor's protestations, the Bank of England's intervention in the market and the government's latest heavy borrowing of foreign currency all seem unable to achieve the object of raising sterling from its ERM limit or just above it.

Why does the chancellor not reduce the base rate by, say, 2 percentage points? Such a dramatic move might immediately bring sterling straight down to its ERM limit, but the government is in any case committed to defending it at that level.

On the positive side a drop in the base rate (and it would have to be of the order I have indicated) should revive the UK economy (it is so depressed that the danger of inflation seems minimal); encourage the purchase by foreigners of British equities (and thus the purchase of sterling); generally renew confidence in the UK and its currency; reduce the cost of UK government borrowing; and perhaps encourage the Bundesbank to consider reducing its rates.

This may seem a risky solution, but the conventional ones do not seem to be working.

Rowan M L Marsh, rue de Mollebeau 52, 1203 Geneva, Switzerland

## OBSERVER

### Sir Ian fights back

■ Poor old Sir Ian MacGregor. The man who so assiduously pruned the workforces of British Steel and British Coal has not taken kindly to being sacked for the first time.

He's using HunterPrint, the specialist printer that he helped to rescue in December 1990, for at least £300,000 following his sacking from the chair. He was on one's year notice and describes his sacking as "gross ingratitude". Given that he is less than a fortnight away from his 80th birthday and has had a heart by-pass operation, it could be argued that it's time to hand over to a younger generation.

However, MacGregor continues to let it and fro across the Atlantic and business colleagues outside HunterPrint have been keen to vouch that his faculties are in full working order. "I am better than I have been for five years," Sir Ian told Observer. He stressed that ageism is illegal in the US.

MacGregor's old pals in the City are puzzled why he keeps solidifying on. One merchant banker said that MacGregor's work ethic was a bit like the malaria bug. It never goes away. But Nicky Wilson, boss of the Scottish NUM, was less kind. "It's appropriate that a person who has sacked so many miners should now have the tables turned against him. I don't wish him luck — the miners got nothing."

Featuring shadow environment secretary Jack

### Straw, it concerns the bid by Japan's Shiraizawa property company for County Hall in London. "We wanted to be sure the Japanese trade press could use it," says a Labour official.

Straw himself does not speak Japanese and is refusing to reveal the identity of his translator. But whoever it is has helped to put Labour ahead of the Tories in the linguistic stakes.

According to Conservative Central Office, even at Lady Thatcher's peak as a world statesman, it never seemed to be sending out begging letters in any language but English.

### Out-prayed

■ The mother of Brazil's President Fernando Collor resorted to prayer yesterday in an attempt to help her embattled son withstand the expected impeachment vote. The family matriarch Dona Leda held a mass in Rio Cathedral for his survival.

Measured by numbers of supplicants to heaven, however, Collor's opponents seem to have the edge. Total attendance at the mass was under 2,000, despite a large advertising campaign. By contrast, over 50,000 pilgrims were at the church of Aparecido do Norte in Sao Paulo to hear the head of Brazil's Catholics call for the president's impeachment.

### Ex-adviser

■ One company that's glad it doesn't have to listen to any more financial advice from the Duchess of York's adviser John Bryan, is Oecomes.

In 1988 Bryan and his dad bought 20 per cent of Oecomes' equity, got a couple of seats on the board, and took the North Sea firm into the German property market. It could hardly have picked a



worse time to diversify.

The Bryans quit 18 months ago and a new management team is nursing the company back to health. Oecomes (Deutschland), whose involvement in Frankfurt's Messeturm tower nearly busted the parent, was sold to young Bryan for £1 and the group reckons that the ill-fated venture probably cost it £2m. Hardly the most reassuring record for a financial adviser.

### Poor show

■ One sign that outside interest in the TUC has reached a pretty low ebb is that staff from the European Commission didn't show up to open their exhibition stand in Blackpool till half way through the conference.

TUC officials stress that the EC's late arrival is the result of staff shortages and has nothing to do with EC indifference. But the Eurocrats might have been persuaded to put in an earlier appearance if the TUC itself had shown more interest in Brussels. After all, the CBI has had an office there since 1971 and the TUC is only now getting round

to opening its own little room.

Tipped to head the TUC's new outpost is Belinda Pyke, now working for EC Commissioner Bruce Milian — who will be out of work if Neil Kinnock gets his job.

### Photo call

■ Hard times in the Tory party ahead of its conference in Brighton next month. The activists' newspaper, Conservative Newsline, carries a poignant ad offering a signed black and white photograph of Margaret Thatcher.

The vendor, obviously a victim of the recession, vouches that the photo comes with a letter of authentication from Downing Street.

"Serious" offers only are invited. Observer guesses the price of a second-class return to Brighton would do the trick.

### Off-putting

■ The proliferation of regulators called Othello and Othello is getting seriously out of hand. Ofcal, Ofgas, Ofair and Ofrail are now to be joined by Ofsted, the Office for Standards in Education — which is the name for the revamped schools inspectorate launched yesterday. The old title, Her Majesty's Inspectorate, was a well-established brand name with an honourable history which no sensible marketer would lightly abandon.

Where will it all end? The Test and County Cricket Board could become Ofstump. The Lord Chamberlain, Ofstage. The Commission for Racial Equality, Ofcolour. The Press Complaints Commission could become Ofoffence; the new national lottery, Ofchance. The immigration service, Ofimmits. David Mellor, Ofdice. (That's enough Off... Ed)











## INTERNATIONAL COMPANIES AND FINANCE

## Banesto group makes provisions for second year

By Tom Burns in Madrid

CORPORACION Banesto, the industrial holding controlled by Banesto, the big Spanish retail bank, will make provisions against the losses by subsidiaries for the second consecutive year.

Mr Arturo Romani, chief executive of the holding, said he expected Pta18bn (\$190m) to be put aside for 1992 write-offs and bad debts.

Last year provisions totalled Pta23.5bn. Corporacion Banesto has been hard hit by the spiralling losses of its mining division Asturiana de Zinc which has posted a six-month shortfall of Pta8.5bn against losses of Pta3.2bn in the corresponding period last year.

Losses at Tudor, the holding's battery producer, rose in the first six months of this year to Pta1.9bn against a shortfall of Pta798m in the same period last year.

The holding's main money earners have posted lower first-half earnings.

Profits at the construction company have fallen to Pta764m from Pta1.6bn and the steel manufacturer Acerinox earned Pta1.1bn against Pta4.1bn in the first half of 1992.

A spokesman for Corporacion Banesto said the 1992 provisions would be covered by the Pta35bn earned by the holding through the disposal made midway through July of Sanson, its cement unit.

## Wimpey shares fall on cut in interim dividend

By Andrew Taylor, Construction Correspondent

WIMPEY, Britain's second largest housebuilder, yesterday announced a 27.2m (\$14.32m) first-half pre-tax loss and halved its interim dividend to 2p.

The company proposed to halve its final dividend to 3.25p but did not rule out a deeper cut if trading conditions deteriorated further. The share price, which fell a fifth the previous week, fell another 8p yesterday to 71p compared with a peak of 189p four months ago.

It was Wimpey's first dividend cut since going public. The first-half loss compared with £200,000 pre-tax profit a year ago. Turnover fell from £887m to £731m.

Mr Roger Wood, finance director, said every division apart from commercial property had made lower profits.

In particular, he blamed further weakness in the UK and North American housing markets. UK house sales, which began the year well, but fell

after the general election, declined from 3,131 to 2,903. US sales fell from 673 to 640.

Margins remained under pressure with house prices continuing to fall and with the group working through land bought in the late 1980s. The average price of a UK home had declined from £85,000 to £80,000 since the first half of last year, said Mr Dwyer.

The value of the group's construction order book fell to £600m from £800m during the 12 months on the decline in residential and commercial property markets and a fall-off in work on the Channel tunnel.

Property profits were helped by the sale for £45m in February of St Albans house, a London office block.

Interest paid fell from £15.4m to £12.2m. Net debt of £232m, representing gearing of 43 per cent, would be reduced further in the second half following the receipt of £110m for the company's 50 per cent stake in the Little Britain office development in London. *Lex, Page 18*

## Third year of losses at GE unit in Hungary

By Nicholas Denton in Budapest

GENERAL Electric, the US engineering company, is facing a third successive year of losses at GE-Tungsram, its Hungarian lighting subsidiary.

The Hungarian government's reluctance to devalue the currency in line with cost inflation means that GE-Tungsram is continuing to lose money in 1992. Mr George Varga, the subsidiary's chief, said yesterday.

Recession in GE-Tungsram's main west European markets has depressed prices for lighting products and compounded the effects of rising local costs. Mr Varga admitted that GE-Tungsram was under pressure to make money from its parent company.

The earnings outlook remains gloomy in spite of a far-reaching cost-cutting exercise which the unit announced this March.

GE-Tungsram announced at the time that it would reduce by 25 per cent employment and the investment that it had planned for 1992 and temporarily halt some production to draw down excess stocks.

The retrenchment came in the wake of figures showing that GE-Tungsram lost Pta1.1bn (\$13.6m) on 1991 sales of Pta26.6bn on a Hungarian accounting basis.

However, this did not make allowances for restructuring costs.

## Charges rise at Generale Bank

GENERALE BANK, Belgium's biggest bank, said 1992 first-half depreciation and loan loss provisions rose from the first half of 1991. Reuter reports from Brussels.

Depreciation, provisions and write-offs rose to Bfr5.8bn (\$200m) from Bfr5.3bn in the first half of 1991. Consolidated depreciation, provisions, tax and minority interests rose to Bfr7.7bn from Bfr6.8bn in the same period last year.

## When expansion leads to a change of home

Andrew Fisher looks at a German chemicals company that found success in the east

When Asta Medica, the pharmaceutical subsidiary of the Degussa metals and chemicals group, made an acquisition in the state of Saxony, it went one step further than other companies expanding into east Germany. So taken was it with Arzneimittelwerk Dresden that it decided to shift its headquarters there.

In fact, Asta, which plans to float a minority of its shares on the Frankfurt stock market in 1993, had been contemplating moving from its narrow site in Frankfurt. The purchase of AWD, the biggest pharmaceutical concern in east Germany, from the Treuhand privatisation agency last December gave it the opportunity to do this and also to be close to the extensive scientific, research, and medical facilities in and around the Saxony capital.

Since Asta had been looking to expand its research activities, the purchase of AWD, employing 2,200 people (including 450 scientists), enabled it to fulfil another ambition. Asta, which had a turnover of DM900m (\$642.8m) in its financial year to September 30 1991 and raised net income by 14

per cent to DM33m, was also attracted by AWD's facilities for chemical synthesis; the company had supplied most of the East German industry's needs for synthesised materials.

Another important reason for the deal was access to eastern Europe. Although the economic travails of the former Comecon area have weakened this argument temporarily, Mr Rolf Kramer, Asta's chief executive, has no doubt of the possibilities. "In the medium term, there is enormous potential for pharmaceuticals, since eastern Europe's knowhow and infrastructure is not well developed in this field."

He sees future opportunities for co-operation and joint ventures in Russia and the rest of eastern Europe once the region's economies develop sufficiently to allow them to start building up their own pharmaceutical industries.

"State agencies will ask western exporters to come up with investments in Russia and elsewhere and to transfer knowhow," he says. Companies such as Asta could supply raw materials and semi-finished products, or begin with local packaging operations. "Russia

and other countries would save hard currency and have employment."

In order to keep up the previous links with the east, Asta also bought the former East German state trading company in pharmaceuticals. Like AWD, this had been part of the big German pharmaceutical concern, now dissolved. Fortunately for AWD, and unlike many other east German operations, its business was not dominated by eastern Europe. About a third of its sales were made there, a proportion which is falling steadily.

None of these various arguments in favour of AWD, which has nearly 10 per cent of the east German market, would have weighed much with Asta if the east German business had not been in solid shape.

In contrast to much of east German industry, the pharmaceutical sector did not collapse with the coming of the D-Mark and exposure to western cost levels. Nor was it hit by the preference of east Germans for western goods after reunification.

"There is a very close rela-



Rolf Kramer: opportunities for pharmaceuticals

tionship between the east German medical profession and local products," Mr Kramer explains. "Doctors are used to these brands and have strong loyalty to them." Even before Asta appeared, AWD had the funds to start modernising its facilities in the hope of being acquired by a western company.

Asta has invested about DM100m in AWD's plant and spent a further DM100m on repairs and maintenance. The funds came from the cash flow

of AWD, whose turnover is about DM400m a year.

It aims to continue investing at the rate of about DM50m a year. Sales revenues are being eroded, however, by the government's requirement that some pharmaceutical prices be cut by 25 per cent to take account of the fragile east German economy.

This is apart from the Bonn government's efforts to save on soaring west German health costs by making extensive savings in medical spending. With more than 18m people in east Germany, AWD, whose specialties include circulatory, alimentary, and analgesic drugs, expects market share to shrink as competition heats up.

Rising wages will also eat into profits. Because wages are generally rising faster than productivity in east Germany, Mr Kramer warns about escalating cost levels. "This is the most vulnerable part of the whole economic development there," he says.

Yet he remains confident of AWD's earning power, not least because of the skills and attitudes of the Saxon workforce. "Motivation is extremely high. I'm always overwhelmed."

## Newcomer to head Granada TV unit

By Raymond Snoddy in London

GRANADA, the UK television and leisure group, yesterday announced the resignation of Mr Charles Allen, an accountant with no background in television, as chief executive of Granada Television.

Mr Allen, 35, worked at British Steel and GrandMet, the UK leisure group, before becoming group managing director of the Compass Vending Group.

He said yesterday he was on his way to Granada Television to listen and learn and work out over the next six months the best way to take the business forward.

He said he was committed to

the ITV company remaining a leading producer rather than a commissioner of programmes.

Earlier this year, Mr Gerry Robinson, chief executive of Granada Group forced the resignation of Mr David Plowright, chairman of Granada Television and one of the most respected figures in ITV. He was replaced by Mr Andrew Quinn, who had the title of chief executive and who recently resigned to become chief executive of ITV.

Mr Allen has worked closely with Mr Robinson since 1983 and in 1991 was appointed chief executive of Granada Leisure, which groups motorway services, hotels, night clubs and theme parks. *People, Page 13*

## Bols advances despite decline in turnover

By Ronald van de Krol in Amsterdam

BOLS, the Dutch spirits and beverages group, reported a small increase in net profit for the first half of 1992, in spite of a moderate decline in both turnover and operating results.

Net profit in the period rose by 3.6 per cent to F155m (\$94.3m) from F153.1m in the same period of last year. Turnover fell by 2.9 per cent to F1640.0m from F1699.3m, while operating profit eased by 3.8 per cent to F174.3m from F177.2m.

In spite of the lower operating profit, Bols turned in a rise in net profit because of a decline in financial charges to F15.4m from F110.3m in the first half of 1991.

## Cimpor approved to bid for Spanish group

By Patrick Blum in Lisbon

CIMENTOS de Portugal (Cimpor), one of Portugal's largest manufacturing companies, has won approval from the Spanish government to launch a takeover bid for Corporacion Noroeste, the cement producer from Galicia.

The Portuguese company which holds almost 25 per cent of CN, will pay about Pta24.3bn (\$268m) on the basis of an offer of Pta37,100 per CN share for over 654,000 shares. If successful, it will give Cimpor control of CN. The bid is supported by a financial syndicate including Portugal's Banco de Fomento Exterior which will provide Pta12.2bn, Banco Bilbao Vizcaya (Pta9bn), Banco Luso-Espanol (Pta1.75bn), and Banco

de Extremadura (Pta1.35bn). At the end of August, Cimpor bought 24.9 per cent of CN for about Pta8bn. The company says that it has reached agreement with shareholders controlling 23.7 per cent of CN.

Cimpor must formally announce its bid in a national Spanish newspaper, after which it will have 30 days to complete the transaction. As part of its takeover offer, the Portuguese company undertakes to launch within six months a bid for Cementos Cosmos, another Spanish cement producer, in which CN has a large stake.

Cimpor's decision to acquire manufacturing facilities outside Portugal came as a surprise in view of its forthcoming privatisation.

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Offer Price: RMB 72.50 per Share  
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Shanghai Shenyn Securities Company

International Co-ordinator  
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International Managers  
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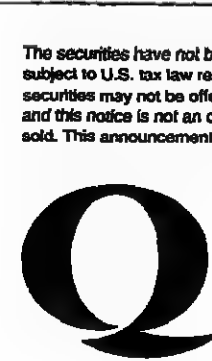
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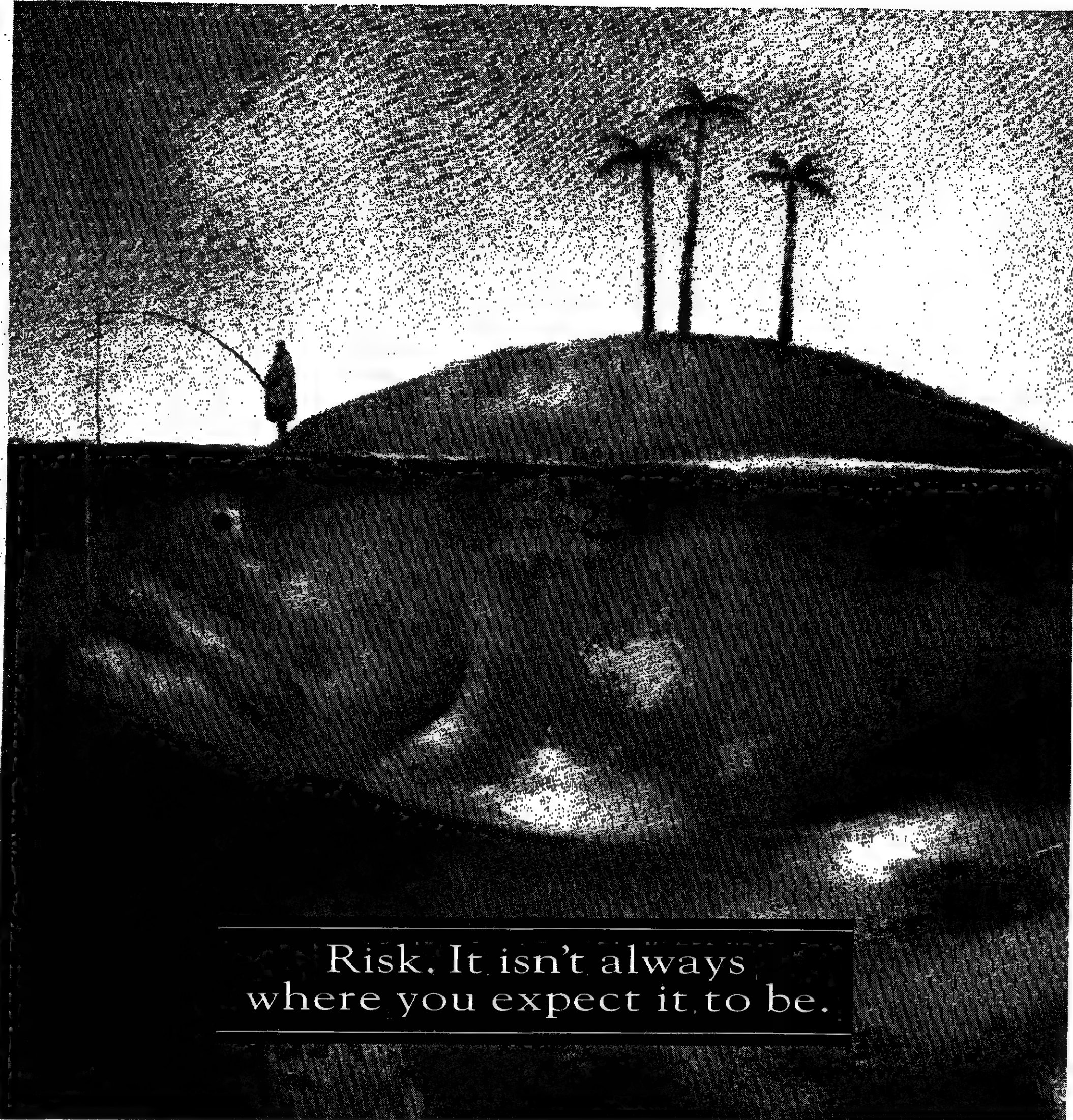
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## INTERNATIONAL COMPANIES AND FINANCE

# Profits leap to HK\$1.62bn at Hopewell Holdings

By Simon Davies  
in Hong Kong

HOPWELL Holdings, the Hong Kong property and construction group controlled by local entrepreneur Mr Gordon Wu, yesterday announced a 125 per cent jump in net profits to HK\$1.62bn (US\$209.6m) for the year to June, compared with HK\$718.9m a year earlier.

However, the bulk of the rise in earnings was from one-off property sales and interest income from the proceeds of last year's HK\$3.8bn rights issue; their combined contribution came to more than HK\$900m.

The figures were in line with expectations, having been artificially boosted by the sale of the group's Broadwood Road luxury residential development site just before the year end.

This helped nudge up earnings per share by 1 cent to 43 cents, despite the dilution from the rights issue.

Hopewell is going through a lull, while investors await returns from its big infrastructural projects in China and Thailand.

Earnings are expected to increase in 1993, but only through further property disposals; and then in 1994, it will receive the first returns from its long-awaited Shenzhen-Guangzhou super-highway.

HONG Kong and China Gas, the local monopoly supplier of piped gas, yesterday announced a 21.5 per cent increase in net profits to HK\$472.2m (US\$61.1m) for the six months to June, writes Simon Davies.

The results for the company, which is better known as Towngas and is controlled by Mr Lee Shau-kee's Henderson Land, were in line with stock market expectations.

Turnover increased 12 per cent to HK\$1.53bn. Mr Lee said he was confident of further increases in sales for the full year. In the past year, Towngas has connected 65,057 new customers.

The company's expansion of its Tai Po plant is proceeding according to schedule, and upon completion in the first quarter of 1993, it will double overall production capacity.

It will "adequately meet Towngas demand into the next century", said Mr Lee. The new plant will leave another site redundant and available for redevelopment into a residential property complex.

The company will pay an interim dividend of 36 cents. This compares with the payout of 36 cents in 1991, adjusted for the company's bonus share issue.

The company said the first phase of the toll road would be open to traffic next year. This would ensure a sizeable early completion bonus equivalent to the toll revenue up to the contract completion date of June 30 1994. Analysts believe this could contribute about HK\$500m.

Hopewell is developing commercial centres in 10 of the interchanges on the first phase. Meanwhile, it is finalising negotiations for the second stage of the highway which will stretch from Guangzhou to Zhuhai.

The size of Hopewell's Shajiao "C" power project was

recently expanded from two to three 600MW units, as a result of soaring demand for power in Guangdong Province; the turnkey construction contract has just been signed.

Power stations, transport networks and related property projects have become the three core operations of the group; other non-core assets will be sold to fund the company's aggressive expansion programme and provide some profit in the interim period.

Hopewell will pay a final dividend of 15 cents, making a full-year payout of 30 cents.

## Bombardier to create special air sales unit

By Bernard Simon in Toronto

BOMBARDIER, the Canadian transport equipment maker, is creating a single business unit to sell its new Canadair Regional Jet and the de Havilland Dash 8 commuter aircraft.

The combined marketing effort arises from Bombardier's purchase earlier this year of a controlling interest in Toronto-based de Havilland, which was previously owned by Boeing, the US aircraft maker. Bombardier also owns Short Brothers of Belfast, and the US business jet maker, Learjet.

The 30-seat Regional Jet (RJ), an expanded version of the Canadair Challenger, is due to enter service next month with Lufthansa's City-Liner.

Bombardier currently has 38 orders and the same number of options for the RJ, more than half from Comair, a US regional airline.

De Havilland has delivered 328 Dash 8 aircraft and has orders for another 54.

Combining sales and customer support services will enable Bombardier to reduce costs and to offer customers a wider variety of products in the highly-competitive commuter aircraft market.

## Merrill to upgrade brokerage in Seoul

MERRILL Lynch, the US brokerage, has obtained permission from the Korean Ministry of Finance to upgrade its Seoul representative office into a full branch, the sixth overseas securities house to do so, Reuters reports. The branch will provide Won10bn (US\$12m) in operating funds, allowing Merrill Lynch to engage only in broking.

# Genting takes an overseas gamble

Kieran Cooke examines the Malaysian group's move on Lonrho

Drive 35 miles out of Kuala Lumpur into the hills and you come across one of the most successful money making ventures in modern Malaysia.

In the cool air, 6,000ft above sea level, is the Genting Highlands resort: a complex of hotels, condominiums, sporting and amusement facilities. Most people do not go to Genting to enjoy the mountain air or play tennis - they go to gamble at Malaysia's only casino, a 60,000 sq ft emporium - one of the biggest such centres in East Asia, patronised by about 10,000 punters daily.

The resort is owned by Genting Group, one of Malaysia's biggest and richest companies, which last month confirmed it and associate companies had spent M\$150m (US\$60m) building a 5.33 per cent stake in Lonrho, the troubled UK conglomerate. Genting's move on Lonrho has prompted speculation about a possible takeover bid: analysts point to Genting's cash hoard estimated to be about M\$1bn. Genting has said it made the Lonrho share purchases for "investment purposes".

Lonrho has been at the centre of controversy since it sold a one-third stake in the UK-based Metropole Hotels group for \$177.5m (\$33.2m) to the Libyan Arab Finance Company, the main investment vehicle of Colonel Muammar Gaddafi, the Libyan leader.

The US Treasury Department's Office of Foreign Asset Control (OFAC) recently warned Lonrho could be placed on the US government's list of banned companies if Libya acquired a shareholding giving it significant influence in the running of a Lonrho company. This has concerned Lonrho's second-biggest shareholder, Fidelity Management Research, the US mutual institutional investor. Lonrho's shares yesterday closed at 88 1/2p close to its eight-year low of 65 1/2p.

Genting is a diversified group involved not only in gaming and leisure activities but also in plantations - manufacturing palm oil and rubber products, paper mills, property and financial services. But the Genting Highlands casino is Genting's core business, a cash cow viewed with envy by many a corporate ruler.

Genting's main companies, listed on the Kuala Lumpur Stock Exchange, are Genting Berhad, the group's investment holding company, Resorts World, which looks after the gaming and hotels business, and Asiatic Development, which oversees the plantations.

Genting Berhad was formed in the late 1960s with the stated aim of developing the highlands above Kuala Lumpur into an integrated hill resort. In 1971 Genting was granted the sole licence in Malaysia to run a casino. Recently large sums have been spent by the group in efforts to attract what are called "high roller" gamblers from the increasingly affluent East Asia region.

Genting is controlled by Mr Lim Goh Tong, the Malaysian-Chinese multi-millionaire and his family. Like Mr "Tiny" Rowland, head of Lonrho, Mr Lim is in his mid-70s. Both men share a highly per-

elite are questioning the rationale behind Genting's move into Lonrho. With a positive cash flow of about M\$300m per year Genting is actively looking at investment opportunities. But moves overseas are hampered by domestic political considerations.

The Malaysian government, on whom Genting depends for the quarterly renewal of its gaming licence, might not look kindly on a leading Malaysian company investing overseas substantial amounts of capital generated within the country.

It appears there are those in Genting who feel Lonrho's third-world connections have been treated unfairly by the western financial establishment and media. Lonrho, they feel, is undervalued. The government of Dr Mahathir Mohamad, the Malaysian prime minister, sees itself as a leading spokesman of the third world. Lonrho's extensive connections and business interests in the under-developed regions might make a Genting investment more politically acceptable at home.

Others say Genting is chasing a trading opportunity. In the late 1990s it purchased a substantial stake in Cooper's Tires, one of the US's biggest tyre producers. There was speculation then about a takeover bid. In the event, Cooper's shares rallied and Genting sold at a considerable profit. A similar strategy might be under way at Lonrho.

The Malaysian corporate community has not given a friendly reception to Genting's latest foray. "They have been very good on their own home territory, but I doubt their ability to mix it with the big boys overseas," said one leading Malaysian financier.

But no one doubts the shrewdness of Mr Lim and his close circle of advisers.

Additional reporting by Roland Rudd.

In Islam, gambling is "haram" or unlawful. Genting does not give breakdowns of profits accrued from its gaming activities. Its annual report does not even mention casinos or gambling.

sector. Genting is one of Malaysia's biggest corporate tax payers and employers and as a group accounts for more than 6 per cent of the total market capitalisation of the Kuala Lumpur Stock Exchange.

In the year to December 1991 Genting Berhad's pre-tax profit came to M\$581.5m, a 22 per cent increase on 1990. Resorts World contributed M\$459.7m or nearly 80 per cent of that figure, almost all of it believed to have come from gaming activities.

Genting is what Malaysian analysts describe as "a highly sensitive company". Malaysians, who make up over 90 per cent of Malaysia's population and dominate government, are Muslims. In Islam gambling is "haram" or unlawful.

sonalised approach to running their businesses. But while Mr Rowland is known for his flair and what at times is deemed to be his rather eccentric corporate behaviour, Mr Lim is part of the tradition of family oriented Chinese businessmen.

A member of the Hokkien Chinese dialect group Mr Lim is known as one of Malaysia's cleverest property developers. Mr Lim and one of his sons, runs Genting tightly; he rarely appears in public and although he and other Genting directors were recently awarded handsome retirement gratuity payments, Mr Lim is not known for following a lavish lifestyle.

Apart from his Genting interests, Mr Lim has other ventures. He recently gave a \$55m loan to an American Indian tribe - the Mashantucket Pequot - to build a casino on reservation land in Connecticut. Mr Lim is also believed to have secured substantial mining rights in Vietnam.

Many of Malaysia's corporate

## Australian insurer cuts losses to A\$49m

By Bruce Jacques in Sydney

FAI Insurance, the Australian financial services group, remained in the red in the 12 months to June, but reduced its net losses by 76 per cent to A\$48.7m (US\$37.4m), from A\$204.3m a year earlier.

Mr Rodney Adler, chief executive, expects a further improvement in the group's performance this year,

although it is still budgeting for underwriting losses.

He said the main reason for the lower losses was a reduction in the group's underwriting deficit to A\$79m, from A\$191m. "This improvement has not come without cost, and our premium income, net of reinsurance, has dropped from A\$651m to A\$518m," he said.

"The insurance market remains very difficult, and

despite the withdrawal and merger activities of various underwriting companies both here and abroad, premium rates remain generally insufficient."

FAI passed its dividend. The latest losses came on a fall in revenue to A\$1.03m from A\$1.07m. Tax took A\$3m against a credit of A\$84.1m, while depreciation was A\$31.6m, against A\$24.8m.

# IMI

- Building Products — profits maintained
- Drinks Dispense — excellent first half
- Fluid Power — results reflected worldwide recession
- Special Engineering — good performance from components companies

## INTERIM RESULTS 1992

	1992 First six months	1991 First six months
Sales	£515m	£496m
Profit before tax	£36.5m	£40.1m
Earnings per share	7.3p	8.1p
Dividend per share	4.2p	4.2p

"Our balance sheet remains strong and results for the full year will benefit from past restructuring, cost savings and recent acquisitions."

Sir Eric Pountain, Chairman

BUILDING PRODUCTS • DRINKS DISPENSE • FLUID POWER • SPECIAL ENGINEERING

## Normandy Poseidon rises 46%

NORMANDY Poseidon, the Australian resources group, yesterday reported a 46 per cent rise in net profits to A\$33.6m (US\$24m) for the year to June 30, up from A\$23m a year earlier, AP-DJ reports from Adelaide.

However, the company noted that comparisons with the previous year were distorted by new accounting standards on consolidation and by the fact that the former results included the merged Normandy and Poseidon groups for only two months: "The group believes that this is an excellent result in a year

share, however, were down 33 per cent at 6.5 cent compared with 10.1 cents and the dividend is being cut by 27 per cent to 5.5 cents a share from 7.5 cents.

Normandy Poseidon said that the comparisons with the previous year were distorted by new accounting standards on consolidation and by the fact that the former results included the merged Normandy and Poseidon groups for only two months: "The group believes that this is an excellent result in a year

which saw significant diversification through acquisition and internal reorganisation aimed at providing a sound base for the future."

Normandy Poseidon is controlled by Mr Robert Champion de Crepigny. It controls Poseidon Gold, an Australian gold-mining concern, and Gold Mines of Kalgoorlie, which owns half of the Super Pit gold mine in Western Australia. It also controls Mt Leyshon Gold Mines.

Normandy Poseidon also has diamond and oil interests.

## Federal Mogul pays \$213m in TRW deal

FEDERAL Mogul, the US vehicle components manufacturer, says it is to pay \$213m to acquire the automotive aftermarket business of TRW, the US technology group, and plans to take a \$14m charge in the fourth quarter of 1992 to cover job cuts, relocations and asset disposals connected with the deal, Reuters reports from Detroit.

Federal Mogul, which announced the acquisition on August 23, disclosed the information in a filing with the Securities and Exchange Commission.

Federal Mogul also said it estimated that total expenses for the rationalisation of the

purchase would reach about \$28m. The remaining \$14m not taken in the fourth quarter charge would be capitalised, the company said.

The expenses relate to the costs of eliminating duplication between the two companies' aftermarket parts operations in personnel, warehousing, information management, shipping, marketing and administration.

Federal Mogul also said it believed that by eliminating such duplication it could save about \$21m a year during and after 1995, with about 95 per cent of that figure realised during 1994.

The deal for the TRW after-

market parts distribution business, which has annual sales of more than \$300m, also includes a long-term supply and trademark agreement which makes Federal Mogul the exclusive supplier of TRW-brand engines and chassis parts to the independent automotive aftermarket business. The transaction is expected to close by the end of October.

Federal Mogul said it would finance the acquisition with a combination of equity and bank debt but had not determined the amount of each.

Chemical Banking had agreed to provide senior bank financing under a term loan, Federal Mogul said.

## WORLD NUCLEAR INDUSTRIES

The FT proposes to publish this survey on October 15 1992.

The Financial Times is the leading publication for reaching opinion formers in European business, finance and government-decision makers who will influence the long term interest of the Nuclear Industry.

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FT SURVEYS

**SUPER ALPHA**  
U.S. \$114,000,000  
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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 31st December, 1992 has been fixed at 3.50781% per annum. The interest for such three month period will be U.S. \$88.67 per U.S. \$10,000 Note and U.S. \$886.70 per U.S. \$100,000 Note against presentation of Coupon Number 2.

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4th September, 1992





## FOCUS ON EASTERN EUROPE

# NUMEROUS INTERESTING POSSIBILITIES

## SATISFACTORY ANNUAL RESULT EXPECTED FOR 1992

As against increased results in Electricity and Trading/Transportation/Services, earnings in the Oil Division were down. In the Chemicals Division, the earnings situation was unsatisfactory. Due to our well-balanced Group structure, we nevertheless expect an overall satisfactory result for 1992.



## CAPITAL SPENDING IN THE EXTENDED GROUP ROSE BY 17.4 %

Capital spending in the Electricity Division applies to the expansion and modernization of the production equipment. Emphasis in Trading/Transportation/Services is on the integration of SCHENKER and the expansion of the RAAB KARCHER building materials trading and the STINNES building markets in the new federal states.

## FOCUS ON EASTERN EUROPE

In view of a European power grid at the system level, the cooperation between Western and Eastern companies is becoming increasingly closer. Via its Group company PREUSSEN-ELEKTRA, VEBA holds a central position in this power grid. Partnerships with utilities in France and Scandinavia already exist, others are in preparation. VEBA proposes to the Eastern European and the C.I.S. states to progressively put their power industry onto a modern, ecological, and economical ground. Here,

our broad variety of activities in Energy, Services, Transportation, and Logistics is a very good basis. Eastern European experts contribute to the development of all projects. The complexity of the tasks to be done makes the participation of further Western European companies necessary.

## FIRST STEPS TAKEN

In Hungary, the Č.S.F.R., and the C.I.S., analyses of the power stations, the distribution networks, and the energy requirements are being made. In Poland, too, power stations are to be constructed and networks to be expanded. In the C.I.S., VEBA OEL has started to restore oil wells closed down at a too early stage. DEMINEX (VEBA interest 63%) waits for the approval of the cooperation agreement signed with the production company at Volgograd and tries to find other interesting projects in the C.I.S., above all in the Tyumen Area. Besides activities in the new federal states, ARAL (VEBA interest 56%) prepares the building up of a filling

station network in Hungary, Poland, and the Č.S.F.R. BRENNTAG, a STINNES company, has opened offices for chemicals trading in Warsaw and Prague.

SCHENKER is represented in Hungary, Romania, and Bulgaria to establish forwarding activities.

RAAB KARCHER makes considerable progress with its businesses in Poland and, in particular, the Č.S.F.R. Moreover, first steps have been taken toward Hungary.

## VEBA TODAY

*The VEBA AG oversees a group of companies that are well-balanced and prepared for the future.*

VEBA stands for

- energy, chemical and petroleum products
- trading and services
- integral transportation and logistics systems.

*The capital of VEBA is held by approx. 540,000 shareholders. Some 43% of the capital is owned by foreign, predominantly Western European investors.*

Copies of the

- Interim Report as of June 30, 1992
  - 1991 Annual Report
  - "News from the VEBA Group"
- may be obtained from VEBA AG, Public Relations, Bennisplatz 1, 4000 Düsseldorf 30, Germany, Telephone ++49-211-4579-460, Fax ++49-211-4579-532

Group Key Figures	1.1. – 30. 6. 1992	1.1. – 30. 6. 1991	Change
Sales .....	DM million 33,553	29,847	+ 12.4%
Net Income .....	DM million 424	449	– 5.6%
Capital Spending (Ext. Group) .....	DM million 2,430	2,070	+ 17.4%
Personnel (Dec. 31, 1991/June 30, 1992) .....	131,080	116,979	+ 12.1%

# VEBA







## COMPANY NEWS: UK

## Shares drop 19p as margins in metals operations remain under pressure

### IMI shows 9% decline as recession bites

By Paul Cheseright,  
Midlands Correspondent

THE STOCK market yesterday cut more than 7 per cent from the value of IMI following the announcement of a 9 per cent reduction in interim profits.

The diversified engineering group reported pre-tax profits of £38.5m in the six months to June 30, compared with £40.1m, as it continued to wrestle with trading losses on its titanium and copper alloy tube operations and sought rationalisation of its fluid power division.

In a generally weak market, the shares lost 19p to 228p, reversing gains in the period shortly before the announcement, and reducing the group's market value to £742m.

The profit outcome reflected the problems of the UK recession. Domestic sales accounted for 50 per cent of turnover of



Gary Allen: metals area had a very rough time

£215m (£496m), but the UK was the only geographical area where sales were lower than in the 1991 first half.

The profit outcome reflected the problems of the UK recession. Domestic sales accounted for 50 per cent of turnover of

The drinks dispense business remained strong internationally, producing a rise in trading profits. The building products division held steady, sustained by strong demand for copper plumbing equipment in east Germany.

However, markets for fluid power products were sluggish. The group has spent £2m rationalising plants and reorganising a business which in recent years has grown rapidly.

"The metals area had a very rough time," said Mr Gary Allen, chief executive. Titanium selling prices have been low, battering margins, IMI's titanium operations should break-even by the end of the year, he said.

Orders have been coming in and Rolls-Royce, the aero engine manufacturer, which is IMI's largest customer, has evidently finished its de-stocking.

Difficulties with copper alloy tube are likely to take longer to resolve. There is a worldwide excess of capacity and Mr Allen did not expect break-even point to be reached this year.

The group has been attacking the costs of these and other operations. Some 600 jobs were lost in the first six months of the year, half of them in the UK, and more could be lost in the current half. There have, however, been 300 recruitments in the drink dispense sector.

Although the group noticed a pick-up in its US business, the relative optimism it exhibited about prospects for the UK economy at the annual meeting last April has evaporated and there is little hope of any recovery this year. Although order books have not slumped further, "there is a sense of disillusionment which puts a freezer on confidence," Mr Allen said.

The interim dividend is maintained at 4.2p, covered 1.7 times by earnings per share of 7.3p (8.1p).

See L25

## Medeva trebles to £14.1m and beats expectations

By Richard Gourlay

MEDAVA, the rapidly growing pharmaceuticals company, yesterday beat market expectations with a tripling of profits and a doubling of earnings per share.

Mr Bernard Taylor, chairman, described the first half as a "corker" and a sound platform from which the group could develop into a significant international pharmaceuticals company within the decade.

Pre-tax profits for the six months to June 30 rose from £4.02m to £14.1m on sales up £2 per cent at £37.7m as the benefits of recent acquisitions came through. Earnings per share were 4.77p basic (2.28p) or 4.58p fully diluted. The interim dividend is raised 50 per cent to 0.75p.

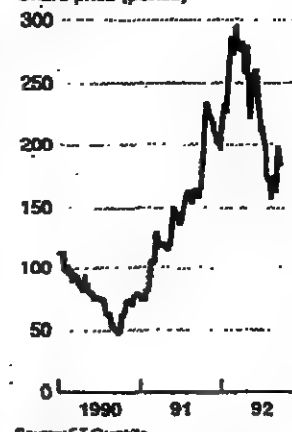
The profits comfortably exceeded the highest market expectations but the shares slipped 12p to 188p, following a strong recent run ahead of the announcement.

The group also reported a sharp increase in profit margins from 38 per cent to 58 per cent, reflecting an improvement in the product portfolio, Mr Taylor said.

The results included another difficult period at the intensely competitive Evans-Kerfoot unbranded generics business which incurred losses. Sales fell 28 per cent to £12m due to

### Medeva

Share price (pence)



Source: FT Graphs

price decreases, product line rationalisation and some stock shortages.

Mr Taylor said the board had resolved to return this division to profitability in the second half. "We must not just restrict ourselves to shaving costs further," he said.

The group enjoyed particularly strong growth in the US where advances at Adams Laboratories and MD Pharmaceuticals led to sales of £23.5m, an 80 per cent increase on a like-for-like basis.

Mr Taylor tried to respond to some criticism that Medeva has little more to offer than

acquisition-led growth. "We are able to get growth from what we buy with the result that we are not simply the sum of the parts," he said.

### COMMENT

The impressive doubling of earnings per share suggests, perhaps for the first time, substantial short term organic growth potential from recent acquisitions, particularly those in the US. This hint of inner strength was essential given that sizeable paper and debt-financed acquisitions will be much harder to make at the current share price and following recent increases in debt. Probably Medeva should be trading at a premium to the market, rather than roughly in line, as is implied in full year forecasts of earnings of 11.8p from pre-tax profits of £34.5m, though not at the kind of premium commanded by mainstream pharmaceutical companies with greater security and quality of earnings. But it will be difficult for Medeva to regain the momentum it found earlier this year while riding a wave of US infatuation with the sector. On the other hand, the bulls could soon stir again if Medeva extricates itself gracefully from its unbranded generics business, which would be no small feat with the intense competition in the sector.

## Mowat goes into receivership as banks refuse further funding

By Michael Skapinker,  
Leisure Industries Correspondent

MOWAT, the USM-quoted leisure and property group, was last night placed in receivership after a consortium of 13 banks, led by Lloyds, refused to provide it with further funding.

The group's shares had yesterday morning been suspended at 34p at its own request. Touche Ross, the accountants, have been appointed receivers with effect from this morning.

Mowat, whose activities include UK-based holiday parks and cruises on the Norfolk Broads, said receivers were called in after the company had failed to raise £5.5m in new working capital, as demanded by the banks.

Mr Ian Birch, regional director of Lloyds Bank Commercial Services, said last night that problems over the group's property business and its high level of debt had proved insurmountable. He added: "The first priority will be to reassure

those customers who have booked and paid for holidays in September that those holidays will be honoured. The receivers will be urgently looking at the situation and a helpline will be set up."

Mr Brian Dunlop, Mowat's chairman, said it had 20,000 holidays booked for September and 43,000 for October. The company was not a member of the Association of British Travel Agents (Abta) and the holidays were not protected by a bond.

Mr Dunlop expressed disappointment that the banks had decided to place the company in receivership after what he described as a successful attempt to resolve some of its problems. He said that of Mowat's £5.5m of debt, £30m was secured against property. This was owed to 10 of the banks, which had agreed in principle to take ownership of the property concerned.

He said the remaining £2.5m was owed to the three remaining banks, led by Lloyds. They had demanded that the company come up with £8.5m in

working capital, of which it had obtained £2.5m with the promise of £1m more.

Lloyds said, however, that Mowat had not managed to obtain the level of funding it had required.

The downturn in the UK property market led to Mowat announcing a pre-tax loss of £1.97m for the 15 months to the end of September 1991. Its property interests included commercial property development and housebuilding.

Following the announcement of the loss, the company said it planned to withdraw from property development and housebuilding and concentrate on the holiday business.

Last July, Mowat said it was selling its Potter Heigham boatyard and more than 200 cruises and pleasure boats to Broadlands Tours, a private company, for £1.5m cash and £2m worth of property.

The first cash instalment of £1m is due at the end of October. Mr Len Funnell, Broadlands Tours' chairman, said yesterday he still expected the deal to go ahead.

## Harland Simon may sell core businesses

By Angus Foster

HARLAND SIMON, the control systems company where share dealings were suspended last Friday pending "clarification" of its financial situation, is urgently reviewing its business plan and may decide to sell core operations.

Harland is conducting the review with Hambros Bank, its financial adviser, after Barclays, the group's main commercial banker, indicated last week that its banking facilities were being cut by up to one third.

A source close to the company said its survival was still not guaranteed. "But it looks a good deal more hopeful than four days ago," he said. Barclays said discussions were continuing.

Harland's problems began when it received the proceeds from the sale of Vickereys, a specialist blade and equipment maker. It expected about half the £6.9m proceeds would remain with Barclays, which extended most of Harland's £14m overdraft, while the remainder would come back to

it as working capital.

However, Barclays appeared to be concerned by the recent collapse in Harland's share price, as well as rumours about declining orders, and kept all the money. Harland's overdraft was repayable upon demand. Its shares were suspended at 20p, compared to a high for the year of 65p.

The latest review of business strategy goes further than a similar one in February by Mr David Mahony, who returned as chairman following the departure of Mr Roy Ashman ahead of unexpected losses.

The first review led to the sale of Vickereys and the intended disposal of Contraves, an electronic control company bought last year.

Harland hoped these sales would leave it free to concentrate on its remaining core businesses of controls, automation and image processing.

However, the working capital crisis has forced the company to consider further disposals, withdrawing from some markets or other ways to scale back operations.

## Bimec calls in company doctor

By Jane Fuller

BIMEC Industries, the acquisitive engineering and waste treatment company, has called in a company doctor to replace Mr Sam Smith as chairman and chief executive.

The appointment of Mr Roy Barber, who has worked on the Thomas Robinson engineering group and Astra Holdings, the munitions concern, comes less than a month after Bimec cancelled its final dividend.

Mr Smith arrived in 1989 and Bimec's subsequent expansion saw the share price up to a peak of 80p last October. The company said yesterday that the skills required to build a business in an expanding econ-

omy were different from those called for in a recession.

The dividend cancellation, which was accompanied by the news that production had fallen by 20 per cent in the first few months of this year, surprised the market. The shares plunged from 19½p to 6½p.

Bimec had raised pre-tax profit from £5.4m to £8m in the year to March 31 on turnover of £103m (£74.5m).

Only four days before the bad news on the dividend, Bimec had announced the purchase of Pearl Contracts Holdings, a building and maintenance services concern, from Cannon Street Investments.

The consideration comprised 3.25m shares, then valued

at 19½p each.

Mr Smith earned £120,000 last year and waived his right to £25,000 of his remuneration. A wire service report that his pay-off could be about £200,000 was last night described as "absolute rubbish" by Mr Barber.

Mr Smith's pay-off was "reasonable and realistic", he said. In March net debt amounted to about £7.4m, including finance leases - about 60 per cent of shareholders' funds. However, gearing has risen since then and the proposed sale of the zero and industrial division had fallen through.

After yesterday's announcement, the shares rose 1½p to 7p.

Price Waterhouse



present

## MANAGING FINANCIAL RISKS

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## ARAB BANKING CORPORATION (B.S.C.)

FINANCIAL HIGHLIGHTS - HALF YEARLY RESULTS  
AS AT JUNE 30TH 1992

FINANCIAL HIGHLIGHTS HALF YEARLY RESULTS - 1992	(US\$ MILLIONS)	
	June 30 1992	June 30 1991
Total Assets	20,109	19,644
Total Loans & Advances	11,083	10,136
Marketable Securities	2,818	1,768
Deposits with Banks & other Financial Institutions (Placements)	4,663	6,160
Total Deposits	16,877	16,208
- Deposits from customers	10,542	9,787
- Deposits from Banks & other Financial Institutions	6,335	6,421
Total Capital Resources	1,976	1,978
Shareholders' Funds	1,463	1,408
Pre-tax Profits	65	57

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This advertisement is issued in accordance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for all the Ordinary Shares of £1 each in Bournemouth Water plc to be admitted to the Official List, following the registration of the Bournemouth and District Water Company as a public company under the Companies Act 1985. It is expected that admission to the Official List will become effective and that dealings in the Ordinary Shares will commence on Tuesday 15th September, 1992.

## THE BOURNEMOUTH AND DISTRICT WATER COMPANY

(Incorporated with limited liability by Act of Parliament Registered No. 25 (England))

is expected to be registered under the Companies Act 1985 on Monday 14th September, 1992, at

### BOURNEMOUTH WATER Plc

(Registered in England with Number 2745054)

BOURNEMOUTH WATER Plc's share capital following the registration becoming effective will be:

Authorised £	Issued and fully paid £
1,176,254	1,176,254
2,500,000	2,500,000

This application is sponsored by

SEYMOUR PIERCE BUTTERFIELD LIMITED

The Circular relating to the registration of Bournemouth Water Plc will be included in the Companies Fiches Service available from Exel Financial Ltd, 37-45 Paul Street, London EC2A 4PB from 3pm on Thursday 10th September, 1992. It may also be obtained during normal business hours, by collection only, on Friday 11th September, 1992, from the Companies Announcements Office, The London Stock Exchange Tower, Capel Court Entrance, Off Bartholomew Lane, London EC2.

The Circular relating to the Conversion was posted to stockholders on 5th June 1992, and was approved by stockholders on Thursday 2nd July, 1992. Copies of the Circular are available at the following addresses during normal business hours until Friday 2nd October, 1992:

Bournemouth Water Plc  
George Jones House  
Fench Avenue, Bournemouth  
BH1 1NB

Seymour Pierce Butterfield Ltd  
24 Chiswell Street  
London  
EC1Y 4TY

This advertisement is issued in accordance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). Application has been made to the London Stock Exchange for all the Ordinary Shares of £1 each in West Hampshire Water plc to be admitted to the Official List, following the registration of West Hampshire Water Company as a public company under the Companies Act 1985. It is expected that admission to the Official List will become effective and that dealings in the Ordinary Shares and the Non-Voting Ordinary Shares will commence on Wednesday 10th September, 1992.

## WEST HAMPSHIRE WATER COMPANY

(Incorporated with limited liability by Act of Parliament Registered No. Z106 (England))

is expected to be registered under the Companies Act 1985 on Tuesday 15th September, 1992, at

### WEST HAMPSHIRE WATER Plc

(Registered in England with Number 2745059)

WEST HAMPSHIRE WATER Plc's share capital following the registration becoming effective will be:

Authorised £	Issued and fully paid £
622,980	622,980
173,640	173,640

This application is sponsored by

SEYMOUR PIERCE BUTTERFIELD LIMITED

The Circular relating to the registration of West Hampshire Water Plc will be included in the Companies Fiches Service available from Exel Financial Ltd, 37-45 Paul Street, London EC2A 4PB from 3pm on Thursday 10th September, 1992. It may also be obtained during normal business hours, by collection only, on Friday 11th September, 1992, from the Companies Announcements Office, The London Stock Exchange Tower, Capel Court Entrance, Off Bartholomew Lane, London EC2.

The Circular relating to the Conversion was posted to stockholders on 5th June, 1992, and was approved by stockholders on Thursday 2nd July, 1992. Copies of the Circular are available at the following addresses during normal business hours until Friday 2nd October, 1992:

West Hampshire Water Plc  
Walswell Road  
Christchurch  
Dorset BH23 2LU

Seymour Pierce Butterfield Ltd  
24 Chiswell Street  
London  
EC1Y 4TY

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(Incorporated in England as a building society and registered with the Central Office of the Registry of Friendly Societies in London under number 233 B)



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of  
£10,000,000

### 12% per cent. Permanent Interest Bearing Shares ("PIBS")

Application has been made to the London Stock Exchange for the PIBS to be admitted to the Official List. It is expected that the PIBS will be admitted to the Official List and that dealings will commence on 16 September 1992.

Listing Particulars dated 8 September 1992 relating to Newcastle Building Society will be included in the Companies Fiches Service available from Exel Financial Ltd, 37-45 Paul Street, London EC2A 4PB from 3pm on 10 September 1992 and may be obtained during normal business hours by collection only until and including 11 September 1992 from the Companies Announcements Office of the London Stock Exchange, Old Broad Street, London EC2N 1HP and until and including 23 September 1992 from:

Newcastle Building Society,  
Hood Street,  
Newcastle upon Tyne  
NE1 6JP

Charterhouse Bank Limited,  
1 Paternoster Row,  
St. Paul's,  
London EC4M 7DH  
9 September 1992

Charterhouse Tinsley,  
1 Paternoster Row,  
St. Paul's,  
London EC4M 7DH

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£15 million Subordinated Floating Rate Notes Due 2001

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 7th September, 1992 to 5th March, 1993 the Notes will carry interest at the rate of 12.125 per cent per annum.

Interest payable on 5th March, 1993 will amount to £5,946.23 on each £100,000 Note.

Chartered WestLB Limited  
Agent Bank

## 3i Group plc

£125,000,000  
Guaranteed Floating rate notes 1997

For the three months period 7 September, 1992 to 7 December, 1992, the rate of interest has been determined by S G Warburg & Co. Ltd at 10.625 per cent per annum.

Interest payable on 7 December, 1992 will be \$264.17 per \$100,000 note and \$2,641.73 per \$1,000,000 note.

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JPMorgan

## ALUMINIUM

The FT proposes to publish this survey on October 28 1992, from its printing centres in Tokyo, New York, Frankfurt, Roubaix and London.

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FT SURVEYS

## COMPANY NEWS: UK

# Buoyant performance from chemicals dominates results Croda advances 40% to £14.3m

By Paul Taylor

CRODA International, the chemicals group, yesterday reported a rebound in first-half pre-tax profits, which expanded 40 per cent, from £10.2m to £14.3m.

Despite market conditions which Mr Michael Valentine, chairman, described as "universally testing," turnover in the six months to end-June increased by 3.6 per cent to £183.7m (£177.3m).

The company, which cut its 1991 dividend after profits collapsed in the face of the recession, attributed the recovery to improving overseas sales and "the sizeable productivity improvements made in the UK."

Earnings per share rose to 7.5p (5.1p) from which a maintained interim dividend of 2.75p is declared.

The results were dominated by the record performance of the chemical companies, which produced a 35 per cent improvement in trading profits to £15.5m (£11.5m) on a 12 per cent increase in turnover to £122.8m (£109.5m).

The larger UK divisions, General Chemicals, Colloids and Universal, which are big exporters and beneficiaries of recent capital expenditure, together increased sales by 21 per cent.



Keith Hopkins, group chief executive (left), with Michael Valentine, chairman

Coatings operations also recovered from last year's setback to achieve trading profits of £3.3m (£2.7m) on turnover which slipped by £1m to £42m. Productivity gains at UK Paints more than offset a further decline in sales, but Croda's sizeable Australian industrial paint business was unable to match last year's performance.

The cosmetics and toiletries business, which accounted for 10 per cent of group sales, had a "disappointing first half even

allowing for the normal seasonal weakness," and reported a £200,000 trading loss (£200,000 profit) on turnover down from £21.1m to £18.9m.

Croda said falling demand on both sides of the Channel undermined sales and put pressure on margins. In addition the company's French operation suffered disruption following a fire.

### COMMENT

Croda's first half profits were ahead of market expectations

and underline management's success in taking out costs. The company has invested in new UK plant and although there were early teething problems, the sharp profit improvement from the chemicals operations indicates these have now been overcome. Providing the sales gains in overseas markets are maintained, full year pre-tax profits of about £38.5m and earnings of 15.5p a share look possible. On that basis Croda is trading on an attractive prospective p/e of about 11.4.

# MBO at Massey Ferguson offshoot

By Andrew Baxter

MF INDUSTRIAL, the Manchester-based construction equipment company which is part of the Massey Ferguson Group, is to be acquired by a management buy-out team in a \$18m (£9m) deal agreed in principle yesterday.

The deal ends several months of uncertainty over the future of MF, a producer and distributor of backhoe loaders, light industrial tractor loaders and skid-steer loaders.

MF, which has annual sales of about \$50m and 440 employees, is a self-contained unit of Massey Ferguson, best known for its farm equipment and itself part of Varty, the US corporation which also produces vehicle components and diesel engines.

Varty has said it would be interested in selling non-core businesses, but MF will retain links with its current parent after the deal is finalised.

It will continue to use the MF trademark under license,

and will use axles from Massey diesel engines from Perkins and hydraulic cylinders from Pacoma, all Varty units.

Mr Richard Robson, leader of the buy-out team and managing director of MF, said that, thanks to support from Varty and Massey, MF had been able to carry out a significant investment programme in new product development and manufacturing modernisation.

MF is the third biggest company in the UK backhoe mar-

ket, behind the dominant JCB and JI Case, and last year exported 82 per cent of production.

Its headquarters and manufacturing plant is located at Stretford.

Equity and loan financing for the acquisition and future working capital requirements is being arranged by Arthur Andersen Corporate Finance, and the management team is being supported by an international equity syndicate led by Granville Development Capital.

# Peek falls 7% but sees improvement

IN THE FIRST half of 1992 Peek, the traffic and field data systems company, reported pre-tax profits down 7 per cent. This, however, was considered a creditable performance and the interim dividend is maintained at 1.05p.

Mr Ken Maud, chairman, said that in the second half the current order book and the successful conclusion of anticipated new orders would result in an improved result.

On turnover of £39.1m (£38.1m) first half profits were £2.61m (£2.02m). Earnings per share came out at 1.74p (£0.01p). During the period road traffic activities were acquired in Scandinavia and the sale of Greenpar Connectors and Dubilier ended its connectors interests. As a result future trading will be weighted towards the second half.

At the end of the period net cash stood at \$2m.

## Better margins boost Ascensio to £1.61m

Improved margins enabled Ascensio Group, the Canterbury-based newspaper publisher, to show annual pre-tax profits more than doubled on decreased turnover.

For the year to May 31 profits increased from last year's depressed £705,000 to £1.61m. Turnover fell 11 per cent to £15m (£16.5m).

A proposed final dividend of 2.5p returns the total to the 4p paid in the year to May 1990 and doubles the 2p paid last year. Earnings per share were 3.5p (3.6p).

Gearing had been reduced to 32 per cent (59 per cent) enabling net interest costs to be cut to \$481,000 (£774,000).

Mr Harry Lambert, chairman and chief executive, said that publishing margins had improved from 7.1 per cent to 12.5 per cent helping that division almost double profits. Printing margins were maintained although there was a 26 per cent fall in turnover.

On the present year he said there was no sign of a return of consumer confidence but total advertising revenue in the first quarter had stayed at the same level as the previous year.

ing the half yearly dividends on the two classes of cumulative preference shares, nor on the ordinary (1.225p last time).

The loss for the half year ended June 30 worked through at £1.98m (profit £1.48m) and the write-off at £7.4m pushed the pre-tax deficit to £9.36m.

Mr Peter Frowling, chairman, said the principal negative factor was the reduced level of sales activity from investment and trading stock.

The profit on both showed a decline of £2.77m and £204,000 to £288,000 and £130,000 respectively.

Gross investment rental income rose by 3 per cent over last year.

Regarding the development of the Castle Mall Retail Centre at Norwich, Mr Frowling said it became clear that the ongoing commitment could not be met given the group's increasingly restricted financial position.

Accordingly, the partners

will take over the interest, although the group will still be involved as project managers.

Mr Frowling said the bankers had agreed in principle to provide continuing support.

## Herring Baker holds decline to 10%

First half pre-tax profit at Herring Baker Harris Group, the chartered surveyor, declined 10 per cent to £1.68m.

Margins declined from 36 per cent to 16 per cent. Mr Nick Owen, chairman, said they were unlikely to be restored to the levels of more than 25 per cent enjoyed in the last three years until there was some measurable upturn in both the agency and investment markets.

"That may well still be 12 months away."

The half way profit - to July 31 - included a full contribution from Baker Harris Saunders and compares with £1.81m last time. Turnover expanded to £10.6m (£9.57m).

Earnings per share were 6.24p (5.74p) and the interim dividend is held at 3.25p on the increased capital.

## Computer systems side buoys Instem

A good six months from the computer systems division helped Instem increase interim pre-tax profits 9 per cent from £207,000 to £251,000.

Turnover in the period to July 3 was lower at £7.06m, against £7.87m.

However activity in the electronics division of this USM-quoted company was lower because of recession.

Earnings per share were 7.98p (7.21p) and the interim dividend is raised to 1.3p (1.2p).

## Shipping bears brunt of Ropner's decline

Ropner, the engineering, property investment and shipping group, saw mid-term pre-tax profit fall 24 per cent, but said, all divisions traded profitably.

From turnover up to £28.2m (£27.64m), profit for six months ended June 30 came to £1.72m (£2.27m). Earnings per share were 4.4p (6.2p) and the interim dividend is again 3.5p.

In engineering, profit before interest was £170,000 (£177,000), while Property produced £440,000 (£450,000).

Shipping had a setback in making £372,000 (£229,000), including its 28.6 per cent share of the associate's interim figure of £278,000 (£1,06m).

## Gaskell halves interim to 1.5p

Gaskell, the carpet and floor covering manufacturing group, is still suffering from being largely tied to the building and housing markets.

In its latest results - for the half year ended July 3 - turnover has fallen 10.5 per cent to £15m while pre-tax profit plummeted 73 per cent, from £55,000 to £15,000.

The interim dividend is halved to 1.5p, as earnings per share worked through at 0.2p (0.6p).

Mr Edward Andrew, chairman, said costs had been reduced, enabling the group to operate profitably at lower turnover levels.

## Weak currencies hit Record's strategy

Despite an increase of 4 per cent in sales, pre-tax profits at Record Holdings were cut by 48 per cent in the half year to

June 30.

The group makes hand and bench tools, and non-portable power tools. The competitive advantage it created by reducing prices had been largely eliminated by weakened currencies in its principal overseas markets, particularly North America, the Far East, Australasia and South Africa, explained Mr Michael Mallett, chairman.

Turnover was £14m (£13.4m) and within that volume increases included North America 34 per cent, UK exports 41 per cent, and power tools 66 per cent.

Operating profit came to £201,000 (£179m) and the pre-tax balance to £209,000 (£1.67m). Earnings per share fell to 1.22p (3.32p) and the interim dividend is again 1.15p on higher capital.

## Somerset Trust net asset value ahead

Somerset Trust, formerly the Children's Medical Charity Investment Trust, reported a net asset value of 86.2p per share as at June 30, up from 84.3p 12 months earlier and 82.6p at its December year-end.

The trust currently holds the bulk of its funds in short-dated gilts but is seeking to expand its activities.

Earnings per share for the six months to the end of June emerged at 2p.

## Exceptional lift for Home Counties

The poor economic situation, particularly in the south-east of England, was blamed by Home Counties Newspaper Holdings for a fall in operating losses in the six months to June 30.

On turnover of £11.3m (£10.8m) the company reported operating losses of £203,000, against profits of £199,000.

However, investment income

# Reduced costs help Plantsbrook jump 40%

By Richard Gourley

PLANTSBROOK Group, the UK's largest quoted funeral services company, formerly known as PPG Hodgson Kenyon, yesterday reported a 40 per cent increase in interim profits.

The improvement was helped by a fall in administrative costs, lower interest charges following the March rights issue and a one-fifth rise in operating margins to 23 per cent.

Pre-tax profits in the six months to June 30 rose from £23.5m to £41.9m on sales 7 per cent lower at £26.2m.

Administration costs were cut by 16 per cent to £11.5m and interest charges fell from £2.03m to £1.34m.

The interim dividend is maintained at 1p fully diluted earnings per share were 4.31p.

The group has now sold or closed 29 of the funeral homes bought in a burst of acquisitions in 1990 and 1991 which boosted debt and took gearing before the rights issue to 415 per cent.

Gearing has now been reduced to 75 per cent from 106 per cent after the rights issue.

The group is planning to focus on funeral homes in urban conurbations, a change from the policy that greatly expanded its network.

## Rationalisation at Enterprise Computer

All activities at Enterprise Computer are to be consolidated into one computer services company, reducing operating sites from 10 to three and staff from 203 to 142.

Mr Shaun Dowling, who became chairman in May, said that results were improving in the first half but "we are not yet back in profit".

of £237,000 (£470,000) and an exceptional gain of £512,000 (£233,000 charge) on the sale of Reuters shares left the pre-tax figure at £446,000 (£538,000).

Earnings per share were 3.66p (4.36p) and the interim dividend is maintained at 2.75p.

## Cost controls help Bletchley rise 49%

Tight cost control and a strong performance from contract life activities enabled Bletchley Motor Group to raise interim profits by 49 per cent.

Mr David Dunn, chairman, said the pre-tax outcome for the six months to June 30 - up from £406,000 to £604,000 - was achieved despite "continuing economic recession, high interest rates and intense pressure on margins".

Turnover amounted to £28m (£30.3m). Mr Dunn said new vehicle sales were still "very disappointing" but sales to the corporate sector had improved. The interim dividend goes up to 4.4p (4.1p), payable from earnings of 11.4p (8.1p).

Prices for electricity delivered to the consumer (pence per kWh) for the period ending June 30, 1992			
In England and Wales:			
Area	1992	1991	1990
London	17.71	17.71	17.71
South East	17.71	17.71	17.71
South West	17.71	17.71	17.71
West Midlands	17.71	17.71	17.71
East Midlands	17.71	17.71	17.71
North East	17.71	17.71	17.71
North West	17.71	17.71	17.71
Yorkshire	17.71	17.71	17.71
Scotland	17.71	17.71	17.71
Wales	17.71	17.71	17.71
NI	17.71	17.71	17.71
Overseas	17.71	17.71	17.71
1991	17.71	17.71	17.71
1990	17.71	17.71	17.71
1989	17.71	17.71	17.71
1988	17.71	17.71	17.71
1987	17.71	17.71	17.71
1986	17.71	17.71	17.71
1985	17.71	17.71	17.71
1984	17.71	17.71	17.71
1983	17.71	17.71	17.71
1982	17.71	17.71	17.71
1981	17.71	17.71	17.71
1980	17.71	17	17



## COMPANY NEWS: UK

## £50m European buy for Hillsdown

By Maggie Urry

HILLSDOWN HOLDINGS, the food group, is paying £157m (£50m) for the European chilled foods activities of Boleda, a private Dutch company. Hillsdown shares rose 2p to 106p.

Mr John Jackson, deputy chairman of Hillsdown, said that the purchase provided the ideal start for the group's aim of building a European chilled food business.

He said that chilled foods was a fast-growing sector of the food market throughout

Europe, and that Hillsdown's UK chilled food business had been expanding quickly.

The acquisition should at least cover its interest costs in its first year, he added. Sales in the year to the end of September 1991 were £150m for operating profits of £14m.

The acquisition is the latest in a number of deals following a £261m rights issue a year ago. At the time Hillsdown said it wanted to make a number of purchases in its existing product areas in its chosen regions of the UK, continental

Europe and North America.

Mr Jackson said that so far about £140m had been spent. The largest deal before this was the £37m purchase of JP Wood, the UK poultry company bought from Unigate. He added that there were no other sizeable deals under discussion at present.

The businesses Hillsdown is buying include the Johma group in the Netherlands and Belgium, Kobenhavn Salat in Denmark and Nadler in Germany. Each have leading market positions and together they

comprise the largest chilled salad producer in Europe.

The operating margin of 2.8 per cent was low, Mr Jackson said, because the German business was less profitable than the others. However, after six months negotiating the deal and getting to know the business, Hillsdown believed it could tackle trading problems.

The assets being bought have a net value of £150m (£29m). Mr Jackson said that heavy investment over recent years had given the business "superb" production facilities.

## Candover increases net assets by 2.9%

By Charles Batchelor

CANDOVER Investments, an investment trust specialising in management buy-outs, achieved a 2.9 per cent increase in net assets over the six months to June 30, slightly ahead of the 2.4 per cent rise in the FT-A11-Share Index over the same period.

Mr Roger Brooke, chairman, said that in the short term he did not expect to record increases in Candover's net assets at the levels possible in the mid to late 1990s.

Net assets rose to £56.2m, against £54.5m at December 31 and £52m a year earlier. Net assets per share were 251p compared with 244p at December 31.

Problems in achieving realistic prices for new buy-outs, two large flotations of buy-out companies and the raising of a new £37.5m fund led to a rise in the proportion of net assets held as cash or short term deposits to 40 per cent.

Pre-tax profits rose by 4 per cent from £2.17m to £2.26m. This was due largely to an increase in management fees resulting from the raising of the new fund. Earnings per share rose to 6.81p from 6.69p.

The interim dividend is raised to 3.75p (3.5p). Despite a generally difficult climate for disposing of companies, Candover floated both Kenwood Appliances and Anglian Group with substantial capital gains. It also has a little less than half of the £319m fund it raised in 1989 still available for investment.

There was little competition from trade buyers for the buy-outs backed by Candover but it was often difficult to persuade corporate vendors that the price being offered for their company was realistic, said Mr Stephen Curran, chief executive.

Candover made three new investments in the six months. The largest was in the buy-out of Gaymer Group from Allied-Lyons with an investment of £16.6m with the others being in British Technology Group and Orion Publishing Group.

## William Baird ahead 8.5% as interest charges decline

By Daniel Green

WILLIAM BAIRD, the textiles and engineering company, produced first half profits 8.5 per cent higher at £10m, against £9.2m, as a result of a lower interest charge following last year's rights issue.

Mr Donald Parr, chairman, warned that the economic recession was worsening with demand continuing to fall beyond the end of the half year.

"We experienced a steady first quarter followed by a second quarter in which demand from all our major UK markets declined. There are signs of further deterioration during July and August," he said.

Turnover for the six months to June 30 was slightly higher at £242.7m, compared with £239.1m. Earnings per share came to 6p (6.4p) and the interim dividend is maintained at 3.55p.

Sales at the Darchem engineering business were hard hit. They fell from £50m to £47m, partly as the result of the disposal of three small non-core businesses. Operating profit fell by £500,000 to £3.2m.

Three more unprofitable businesses should be sold by the end of the year, and these and other closure costs will be indicated by a £3m exceptional charge in the full accounts.

Textiles turnover rose from £188.9m to £195.3m but operating profit was static at £3.8m. "Our margins have been squeezed across the board," said Mr Andrew Mills-Baker, finance director. The health of second half sales depended on the present bout of cool and wet weather continuing.

The interest charge fell from £3.13m to £1.56m, partly because the proceeds of the 1991 rights issue only cut borrowings from May of that year.

## COMMENT

Baird is taking a double hit from a strong dollar, which cheapens textile imports, and from the recession, which cuts capital goods sales of its engineering division. Disposals of non-core operations from Darchem are taking longer than expected. It is a hard time to sell businesses but delays mean Baird will have to make further provisions and these will be taken above the line, in accordance with new Accounting Standards Board rules. Thus, the company will struggle to make much more than £27m at the pre-tax level, compared with £25.1m last year. Earnings are forecast at about 16.5p for a prospective p/e of 12, roughly the sector average. Longer term prospects are brighter, given the strong post-1991 issue balance sheet. An imaginative acquisition or two would bolster investor confidence.

## ASH sees US growth following Sonitrol buy

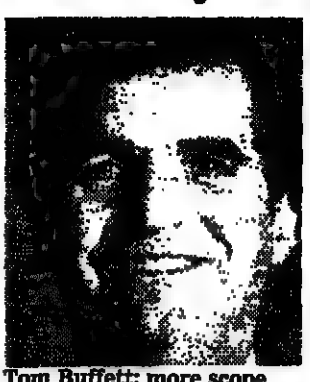
By Angus Foster

AUTOMATED Security (Holdings), the supplier of burglar alarms and other security devices, has agreed to buy Sonitrol Corporation, the largest franchiser of audio alarm verification systems in the US, for \$21m (£21.1m) cash.

Sonitrol has 170 franchises in North America and Europe covering 100,000 systems. The alarms are connected to a central station which verifies the threat is real rather than a system failure.

ASH raised £150m in July from the sale of its European security and specialist CCTV business to Sensormatics Electronics. This eliminated borrowings, although the company still has £57m of convertible capital bonds. Some of the proceeds from the disposal will be used to fund the acquisition, although it intends to refinance the purchase into dollar borrowings.

Mr Tom Buffett, chairman, said that about one third of revenues following the acquisition would come from North



Tom Buffett: more scope for growth in the US

America. However, this could rise to a half in the next three to five years as there was more scope for growth in the US than in the UK.

Following the acquisition, ASH will also own 22 Sonitrol franchises, with minority holdings in a further four. The company will have first refusal if any are sold. Mr Buffett said the company was keen to acquire more franchises, but only where they fitted in with its existing network.

## Laser-Scan runs up £408,000 loss

An 18 per cent reduction in turnover forced Laser-Scan Holdings into a pre-tax deficit of £408,000 in the first half of 1992, compared with profit of £246,000.

Mr Jim Uttersson, chairman of the USM-quoted micrographic equipment company, said the turnover fell from £4.87m to £3.99m, reflecting the continuation of the adverse

trading conditions of the latter half of 1991.

Losses per share were 3.6p (earnings 1.5p).

Pressure on margins had persisted with geographic systems in particular being affected. Also imaging systems, which depended on a small number of relatively large orders, did not achieve the same level of shipments as last year.

## Accbank shows 21% improvement to £3.6m

By Tim Coone in Dublin

ACCBANK, the Irish state-owned financial group that is being groomed for privatisation, reported a 21 per cent increase in pre-tax profits, from £2.5m to £3.0m (£3.42m), for the half-year to June 30.

Its loan portfolio has grown 25 per cent on a year-on-year basis to £14.8m, while total assets have grown 25 per cent to £17.4m and deposits by 15 per cent to £15.35m, also on an annualised basis.

An interim dividend of 1p is declared. Accbank was the first state bank established in Ireland after independence in 1922, being set up to provide long-term credit to the

agricultural sector. After heavy losses in 1987, it was reorganised and permitted to make loans to the non-agricultural sector of up to 25 per cent of its loan portfolio.

This ceiling was achieved by the end of 1991, and new legislation this year lifted all remaining lending restrictions allowing it to diversify.

The Ministry of Finance said yesterday: "Everything is in place for a sale. It's just a matter of finding the right buyer." Deregulation of the Irish financial sector has resulted in keen interest, particularly from the non-banking Irish financial institutions, in any banking network coming on to the market.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend for year	Total for year	Total last year
Adasene	2.5	Oct 22	1.25	4	2
Baird (William)	3.55	Jan 6	3.55	-	6.9
Blanchley Motor	4.41	Oct 15	4.1	-	8.2
Candover	3.75	Oct 21	3.5	-	9.5
Croda Int	2.75	Dec 1	2.75	-	7.5
Estates & Gen	3.3	Jan 4	3.3	-	3.75
Flora	3.3	Jan 4	3.3	-	9.7
Gaskell	1.5	Oct 19	3	-	3.5
Herring Baker	3.25	Nov 2	3.25	-	7
Home Counties News	2.75	Oct 22	2.75	-	8.25
IMI	4.2	Oct 19	4.2	-	10
Intem 5	1.3	Nov 27	1.2	-	9
Macro 4	12.61	Nov 9	7.175	17.75	11
Medevs	0.75	Nov 20	0.5	-	1.5
Peak	1.05	Jan 4	1.05	-	3.4
Plasbrook	1.1	Nov 16	1	-	3
Record Holdings	1.15	Nov 30	1.15	-	3.5
Roper	3.5	Dec 31	3.5	-	9.25
Winney (George)	2	Oct 30	4	-	10.5

Dividends shown pence per share net except where otherwise stated. Total increased capital, US\$M stock. Total of 3.25p indicated. Includes special 5p from cash resources.

## All-round growth as Macro 4 advances 14%

By Paul Taylor

MACRO 4, the computer systems software developer, yesterday reported a 14 per cent increase in full year pre-tax profits from £7.65m to £8.73m.

Turnover grew to £19m (£18m) in the year to June 30, with the overseas activities contributing 76 per cent.

Earnings per share rose by 15 per cent to 26.5p (23p), slightly outstripping the profits advance because of a small reduction in the tax rate.

The proposed final dividend is increased to 12.61p, including a special 5p payment, raising the total for the year to 17.75p (11p).

The company said the special dividend was being made "because of the cash generative nature of Macro 4's business and the continuing build up of cash reserves." However, it cautioned that it expected future dividend payments to be in line with profits growth.

Mr Terry Kelly, chairman, said the group had "continued

to make progress this year, against an economic background generally as difficult as the previous year."

He added that most of the company's important markets had experienced severe economic downturns. However, all subsidiaries had improved both turnover and contribution to profits.

The performance in the US was the best for several years and there were strong performances in France, Italy and Switzerland.

The results from the agent-run territories had been disappointing generally, said Mr Kelly, even though they had shown improvements. In Japan, a 36 per cent increase in royalty payments reflected a successful year.

## Tunstall disposal

Tunstall has sold the intruder and fire alarm manufacturing business of Tunstall Security and Tann-Synchrom to Menzies-Swain for £1.7m cash.

## Lasmo raises \$85m from sale of Ultramar US offshoot

By Angus Foster

LASMO, the independent oil company, has sold its last principal US upstream assets as part of a programme of disposals following last year's \$1.1bn takeover of Ultramar.

It is selling Ultramar Oil & Gas of Houston to Cody Resource, a private company, for about \$85m (£42.5m). This should be completed in November and includes assets in Louisiana and Texas producing 3,500 barrels of oil and 45m cu ft of gas a day.

Lasmo has also agreed to sell its share of the Bright Star gas gathering system in Texas for \$15m, and various other properties in Texas and Louisiana are expected to bring in another \$1m.

The company has now raised \$1.4bn of its target of \$1.8bn from disposals for 1992 and 1993. They are designed to reduce net borrowings, which stood at \$914m in July.

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## COMMODITIES AND AGRICULTURE

## Gold group warns low price may force closures

By Kenneth Gooding, Mining Correspondent

ANGLO AMERICAN Corporation of South Africa will have to start closing down some of its marginal gold mining capacity in four months time unless the local price of gold - now at its lowest level for five years - improves, according to Mr Clem Sunter, chairman of Anglo's gold and uranium division.

So far Anglo, widely believed to be among the most efficient South African gold producers, has avoided cutting output. However, its gold mining workforce fell from 210,000 to 170,000 over the past four years.

Mr Sunter said yesterday that if the present gold price of \$300 a kilogram (about \$340 a troy ounce) persisted for a year, many more marginal South African mines would be

forced to close. Anglo believed that a gold price of \$500 an ounce was needed to keep South Africa's output stable while at \$400 the country's annual production would drop by 100 tonnes over the next ten years from about 600 tonnes. A price of \$600 an ounce was needed to keep South African production at its current level, he told the Association of Mining Analysts in London.

Mr Sunter suggested gold "is no longer the doomsday metal", or a hedge against world disasters, but an industrial metal which would move up in price as economies in the industrialised countries improved next year. "And we genuinely believe the gold price will improve next year."

He said the industry would be better off promoting gold jewellery sales rather than shutting capacity.

## Russia 'has lost control' over state oil exporters

By Leyla Boulton in Moscow

MR ALEXANDER Shokhin, the Russian deputy prime minister for foreign economic relations, said yesterday that the government had "lost control" over state-owned oil exporters and that it wanted to recentralise purchases to meet obligations to foreign states.

He was responding to a query about a report that Rosneft, the state exporter of oil products, had suspended deliveries to Japan and Western Europe. An official told the Reuters news

agency that deliveries had been suspended because fuel was needed for Russia's far north and to collect the harvest.

Mr Shokhin said the state wanted to buy oil, "hopefully for rubles", direct from producers so it could meet deliveries to former Soviet republics and further afield. He did not give details of how a new system would differ from the old. But he said that the government was not receiving all the oil it was supposed to obtain under the present state procurement system.

## MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

**ANTIMONY:** European free market, 99.5 per cent, \$ per lb, in warehouse, 1,700-1,745 (1,720-1,750).

**BISMUTH:** European free market, min. 99.99 per cent, \$ per lb, in warehouse, 1,300-1,350 (same).

**CADMIUM:** European free market, min. 99.5 per cent, \$ per lb, in warehouse, 0.85-0.95 (same).

**COBALT:** European free market, 99.5 per cent, \$ per lb, in warehouse, 19,000-20,000 (19,000-21,000).

**MERCURY:** European free market, 99.99 per cent, \$ per 70 lb flask, in warehouse, 135-150 (same).

**MOLYBDENUM:** European free market, drummed molyb-

dic oxide, \$ per lb Mo, in warehouse, 2,300-2,350 (2,300-2,350).

**SELENIUM:** European free market, min. 99.5 per cent, \$ per lb, in warehouse, 4,800-5,000 (same).

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, \$ per tonne unit, 10 (kg) WO<sub>3</sub>, cif, 53-62 (same).

**VANADIUM:** European free market, min. 98 per cent, \$ a lb V<sub>2</sub>O<sub>5</sub>, cif, 1.95-2.10 (2.00-2.15).

**URANIUM:** Nuxco exchange value, \$ per lb, U<sub>3</sub>O<sub>8</sub>, 8.05 (7.75).

**LEAD:** Warehouse stocks (As at Monday's close)

Aluminium 1,480 to 1,581,000  
Copper 1,625 to 2,771,000  
Lead 1,480 to 43,000  
Nickel 1,480 to 353,200  
Zinc 1,480 to 14,625

## Hungary increases farm export pressure

By Nicholas Denton in Budapest

HUNGARY, EVEN after sacrificing a fifth of this year's harvest to drought and heat, is increasing the pressure on west European producers.

Mr Gyorgy Rasko, state secretary at the ministry of agriculture yesterday forecast that Hungary's agricultural exports would double to \$5bn within five years. He said that Hungary was "the cheapest producer in the world" because of the large average size of farms, low wages and the country's naturally fertile plains.

Hungary estimates that its farms, once they are run with fewer administrative overheads, can produce wheat at a cost of \$50 a tonne compared with the west European level of about \$120 a tonne.

Counting the cost after the hottest August on record, the government yesterday forecast damage of \$500m or 20 per cent to crop output in 1992.

"We have enormous losses," said Mr Rasko warning that they could grow even further over the next two weeks. Yields are forecast to decline most for maize, by about 30 per cent from the average of 1989-91, prompting Mr Rasko to forecast that less than 500,000 tonnes would be exported this year.

The ministry has granted licences for only 10 tonnes of wheat exports, compared with capacity for 3.5m tonnes.

But Mr Rasko said that the biggest surprise was that Hungarian agricultural exports, largely to the European Community, far from falling, had risen 20-25 per cent in the year to the first half of 1992. The state secretary predicted that total agricultural exports in 1992 would reach \$2.5bn despite the drought, about the same as last year.

The government ascribes the export performance partly to the association agreement with the European Community, which expanded Hungary's quotas and reduced the tariffs and levies to which deliveries were subject. "The EC is not as protectionist as many people thought," commented Mr Rasko.

Exports have grown to because 300 private trading companies have set up since the state-owned trading houses that used to conduct Hungary's agricultural trade lost their monopolies. The new traders are far more flexible and enterprising than their predecessors.

## Diamond cartel 'needs sales boost'

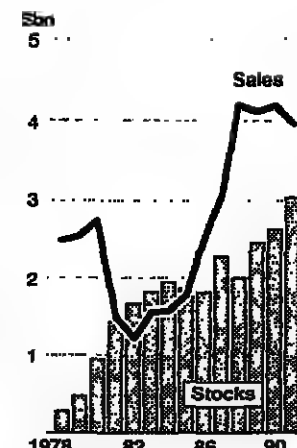
By Kenneth Gooding, Mining Correspondent

DE BEERS' rough (uncut) diamond sales will have to rise to about \$5bn a year before the South African group, which controls about 80 per cent of world trade, can start to whittle away at stocks that are growing at an alarming rate, analysts believe.

This compares with its record sales of \$4.17bn in 1988 and the second-best level of \$4.16bn in 1990.

Mr Graham Roberts, research director at Carr Kitchin & Aitken, part of the Banque Indosuez Group, pointed out yesterday that De Beers' Central Selling Organisation (CSO) had contracted to buy about \$4.4bn of diamonds from producers next year. Another \$300m of rough diamonds would be left with producers this year because De Beers had told them it would take only 75 per cent of their output from September onwards - as permitted under

## CSO diamonds



the terms of the CSO contract. The CSO attempts to stabilise the rough diamond market by stockpiling excess gems during times of market weakness and then releasing them as conditions improve. So, assuming that smuggling from

Angola, Russia and other areas continues but at a reduced rate, there may be a further \$400m of rough diamonds to be mopped up if De Beers wants to maintain a stable market.

Mr Roberts suggested De Beers' rough diamond sales would be about \$3.4bn this year, that its cash balances would be seriously reduced and that "it might even have to borrow money."

The worrying aspect of the present situation was that many of the problems De Beers faced were structural and outside its control, he added.

Meanwhile, a special report today from the Economist Intelligence Unit suggests that De Beers diamond sales "could exceed \$5bn by 1996, assuming no major disruptions to production and no supply or price shocks."

It predicts that world diamond production, which rose by 19 per cent from 89.6m carats to 106.7m between 1986 and 1990, will grow by a further 15 per cent, from 108m

carats to 119m between 1992 and 1996.

Ironically, De Beers' own Venetia mine, nestled in the northern Transvaal, which is now building up production towards its expected annual capacity of 4m carats, is the main contributor to the production increase.

The report says De Beers will have to absorb more diamonds into its buffer stock and the market imbalance will be most marked in relatively low quality, small diamonds which have already been accumulating at the CSO and cutting centres since 1990.

The EIU expects the diamond cartel to survive, however, and even suggests that its most testing time will come after the market recovers "and with it the incentive for producers to break with the cartel, or at least to seek a degree of independence."

*Diagrams to 1995: a cartel and its future. 235 from the EIU, 40 Duke Street, London W1A 1DW, UK.*

## UK poultry losing out to low-cost competition

By David Blackwell

BRITISH POULTRY producers face gloomy future prospects as imports from countries with laxer legislation and lower costs eat into the UK market, according to a report published yesterday.

Food from Britain, which promotes British products both at home and abroad, estimates that the cost of UK legislation over and above European Community regulations on the industry is adding more than 5p a bird to UK costs, making the UK one of the highest cost producers.

The trade deficit between exports and imports, which rose from £22m in 1988 to £83m last year, was £93.3m for the first half of this year alone.

Imports could take 20 per cent of the UK market for the whole of this year, Mr Paul Judge, FFB chairman, said yesterday. He called on the government "to act quickly to ensure the poultry meat industry can compete effectively and equally with its major competitors".

In addition, British producers should identify and exploit niche markets overseas. UK exports in 1991 amounted to 85,000 tonnes worth £123m.

Mr Judge asserted that the UK industry faced much higher charges for compliance with EC legislation than did

competitor countries, which stuck to the minimum prescribed levels. "Even more so is the distorting effect of UK legislation which was mainly put in place with the laudable aim of protecting the British consumer."

The industry fully supported this aim, said Mr Judge, but the government did not apply the same standards to poultry imports, some of which were produced to standards that "would be seriously illegal in this country."

Mr Robert Haynes, chairman of Buxted Poultry, part of the Hillside group, warned that the British poultry industry, which has retail sales of £1.4bn

a year, was in danger of going "the way of British motor cycles, British textiles and British fishing". It had already suffered substantial closures and redundancies in the last two years, and "I fear we have not seen the last".

He pointed out that the EC had reduced the levies on chickens from Thailand, Hungary, Czechoslovakia and Poland, and had ended the levy on US imports - "all for political rather than agricultural reasons".

*Food from Britain sector group report. Poultrymeat, 301-344 Market Towers, New Covent Garden Market, London SW3 5NQ.*

## India faces oilseeds deficit despite bumper crop

By Kunal Bose in Calcutta

INDIA EXPECTS to harvest a bumper oilseeds crop of 20m tonnes or more in the 1992-93 season, up from 18.7m tonnes in the previous year, following good rains since the start of August. But industry officials still expect the yield of edible oils to fall short of the country's annual demand of about 7m tonnes by at least 1m tonnes.

The size of Indian imports of edible oils will depend on the availability of foreign exchange and behaviour of prices on the domestic market - a serious foreign exchange crisis restricted imports to 17,000 tonnes last year, compared with 540,000 tonnes in 1990-91.

In the current year India is

receiving a donation of 50,000 tonnes of soyabean oil from the US Agency for International Development and on top of this it has decided to import 150,000 tonnes of palm oil from the liquid portion of the oil from Indonesia. The country also retains the option to buy 300,000 tonnes of palm oil from Malaysia in the next two years.

India's per capita consumption of edible oils, about 7 kg, is half Malaysia's.

The federal government aims to make India self-sufficient in oils, which will call for production of oilseeds to be raised to 26m tonnes a year. The extra 8m tonnes will have to come from increasing the area under the crops as well as raising yields, industry officials say. Since 1989-90, the area under oilseeds has increased from

31.67m hectares (53m acres) to about 25m ha but productivity has stagnated at about 800 kg a hectare.

Industry representatives are urging that the government should encourage the cultivation of sunflowers and the planting of red oil palm, both late entrants to the Indian edible oil sector.

Led by ITC some big Indian companies are promoting the cultivation of sunflowers, a low irrigation crop that can survive drought and floods. Farmers in the southern Indian state of Andhra Pradesh are already producing sunflowerseed, which has an oil content of about 35 per cent, in a big way and their success has encouraged large scale planting in other states like Punjab, Haryana, Rajasthan and Uttar

Pradesh. As a result Indian production is expected to rise to 3m tonnes from the present 700,000 tonnes in the next few years.

The industry is also showing increasing interest in oil palm, plantations of which could be developed over an additional 575,000 ha in nine Indian states, including Andhra Pradesh, Karnataka and Tamil Nadu, according to a recent study. Some success with this crop has already been achieved in the Andamans and Kerala.

During the eighth national plan period (1992-1997), the government proposes bringing 800,000 ha under oil palm. Use of hybrid seeds and improved agricultural practices could give a yield of up to 5 tonnes of oil a hectare, experts claim.

## Tractor makers pay heavy price for reform

By Andrew Baxter

THE UK tractor market is likely to decline further over the next four years as farmers realise they will have to buy the heaviest price for the reform of the European Community's common agricultural policy.

A market that 20 years ago saw annual sales of 25,000 to 30,000 units has fallen sharply since 1988, when 22,521 units were sold, and will continue downwards to 13,000 units in 1996, according to a study by the London-based Corporate Intelligence Group.

"Ariste farmers will be farming less land and accepting a cut in the price which they gain for their produce. Fixed costs will have to be reduced and there will be more intensive use of the available machinery by means of machinery rings and contractors," it says.

On a worst case basis, it adds, most farmers could probably farm 25 per cent more land with their available machinery.

Although farm amalgamations will be slowed by recent moves to make inheritance taxes more lenient, there will still be a trend to farm in larger units, spreading good quality "lean management" over more hectares.

On the other hand, the study says the fiscal changes will probably be relatively small and there will be ways of reducing the damage from the CAP reforms, for example by moving into other crops.

The study says farmers have seen their net incomes fall every year and have become increasingly disinclined to invest for the future.

With a huge pool of existing tractors to fall back on, they have to be attracted by unusual factors if they are to buy a new machine. One of the best could be a real advance in features such as more gears or better controls in the cab.

The UK is still one of the largest tractor markets in Europe, with a preference for relatively large, sophisticated machines. The average horsepower of a tractor bought last year was 88.5, up from 83 hp in 1987, mainly reflecting a rise in importance of tractors over 100 hp.

According to the study, Ford - now part of the Fiat-controlled NE Geotech, was market leader with a 23 per cent share last year, followed by Massey-Ferguson (19 per cent), John Deere and Case (12 per cent each).

## MARKET REPORT

NICKEL prices recovered some of their earlier losses during kerf trading on the LME in a rally away from 2½-year lows, but the market still ended weak. Dealers said nickel was undermined by depressed fundamental and negative technical factors, with investment fund and stop-loss selling outweighing producer support and Chinese demand. There is little physical interest or merchant activity at the moment, and with prices having fallen below \$7,000 a tonne, declines towards \$6,000 a tonne on technical considerations are possible. Three-month ZINC breached downside support.

## London Markets

## SPOT MARKETS

Crude oil (per barrel FOB) Oct

Dubai \$19.20-19.30 +0.10

Brent (blend) \$20.25-20.30 +0.10

WTI (1st) \$20.25-20.30 +0.10

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## COFFEE - London F&amp;O

Close Previous High/Low

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Nov 91.00 90.00 92.00

Dec 91.00 90.00 92.00

Jan 91.00 90.00 92.00

Feb 91.00 90.00 92.00

Mar 91.00 90.00 92.00

Apr 91.00 90.00 92.00

May 91.00 90.00 92.00

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Jul 91.00 90.00 92.00

Aug 91.00 90.00 92.00

Sep 91.00 90.00 92.00



# Currency worries depress equities

By Terry Byland,  
UK Stock Market Editor

THE SUDDEN wave of adverse developments in European currency markets, reflected in a setback in the pound, brought a vicious reversal in the UK stock market, which fell heavily yesterday afternoon. Led downwards by a collapse in stock index futures, the FT-SE 100 closed a net 34.5 points off, a turnaround of more than 50 points from the opening minutes of the session. Gloom deepened at the close on reports of a negative Maastricht opinion poll in France.

Increased Seag volume reflected hectic trading between marketmakers as they struggled to avoid taking on positions in what has become a

very dangerous market. Pressure from stock index futures, where the September contract on the Footsie is at a discount to the cash market at one time, provided the driving force for equities. But there was no doubt that it was the interest rate worries provoked by currency markets which did the damage.

Equities opened higher and the Footsie showed a gain of nearly 17 points in early trading. But euphoria quickly vanished as Finland effectively quit the ERM and devalued its currency. Sweden raised interest rates and Italian repurchase rates jumped to record highs — all adding to protect their currencies and leaving striding in the firing line.

As the pound dropped below

Account Opening Dates			
First Dealings	Second Dealings	Third Dealings	Fourth Dealings
Aug 24	Aug 27	Aug 31	Sep 3
Option Dealings	Sep 3	Sep 17	Oct 1
Last Dealings	Sep 4	Sep 18	Oct 2
Account Day	Sep 14	Sep 28	Oct 12

the important DM280 level again, UK share prices quickly turned back. By late afternoon, the pound was within one penny of its permitted ERM low and the Footsie had plunged by more than 35 points. A very modest rally brought a final reading of 2,337.7, down 34.5.

Sentiment was further discouraged by some, at least, of the day's corporate reporting statements. Shares in Fisons,

the pharmaceuticals group, fell sharply on lower profits, the stock extending the substantial loss suffered earlier in the year when concerns about the trading outlook first surfaced in the market.

The rest of the drug share sector declined cautiously while awaiting further trading news from leading names. Glaxo, reporting full-year figures on Thursday, eased back after the firm performances of recent sessions.

The renewed worry over sterling, and therefore over domestic interest rates, hit hard in the building sector as brokerage houses again downgraded the leading stocks. A reduced dividend payment, together with lower profits, from G. Wimpey, hurt the

housebuilding sector. But store shares held up fairly well, helped by the increased consumer debt levels reported on the previous day.

Seag volume finally totalled 418.1m shares comparing favourably with the 398.8m of the previous session. But Monday's total, which reflected retail, or customer business worth only £38.2m, was hit by Wall Street's holiday.

FT-Actuaries Share Indices: Estimated earnings yields and p/e ratios for several of the sectors in the FT-Actuaries Share Indices table have been published incorrectly in past issues. The table below is correct. An explanation of the errors appears on the UK Company News pages.

## FINANCIAL TIMES STOCK INDICES

	Sept 8	Sept 7	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	Sept 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 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4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 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12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21
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## LONDON SHARE SERVICE

## AMERICANS

Company	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	5
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## LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

Investment Trust	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	59
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■ Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

**THE UNIVERSITY OF CHICAGO PRESS**

[illegible]

CASH		BANK		TOTAL	
DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
1970-01-01	100.00	1970-01-01	100.00	1970-01-01	200.00
1970-02-01	50.00	1970-02-01	50.00	1970-02-01	150.00
1970-03-01	25.00	1970-03-01	25.00	1970-03-01	125.00
1970-04-01	12.50	1970-04-01	12.50	1970-04-01	62.50
1970-05-01	6.25	1970-05-01	6.25	1970-05-01	31.25
1970-06-01	3.12	1970-06-01	3.12	1970-06-01	15.62
1970-07-01	1.56	1970-07-01	1.56	1970-07-01	7.81
1970-08-01	.78	1970-08-01	.78	1970-08-01	3.90
1970-09-01	.39	1970-09-01	.39	1970-09-01	1.95
1970-10-01	.19	1970-10-01	.19	1970-10-01	.97
1970-11-01	.09	1970-11-01	.09	1970-11-01	.48
1970-12-01	.04	1970-12-01	.04	1970-12-01	.24
1971-01-01	.02	1971-01-01	.02	1971-01-01	.12
1971-02-01	.01	1971-02-01	.01	1971-02-01	.06
1971-03-01	.00	1971-03-01	.00	1971-03-01	.03
1971-04-01	.00	1971-04-01	.00	1971-04-01	.01
1971-05-01	.00	1971-05-01	.00	1971-05-01	.00
1971-06-01	.00	1971-06-01	.00	1971-06-01	.00
1971-07-01	.00	1971-07-01	.00	1971-07-01	.00
1971-08-01	.00	1971-08-01	.00	1971-08-01	.00
1971-09-01	.00	1971-09-01	.00	1971-09-01	.00
1971-10-01	.00	1971-10-01	.00	1971-10-01	.00
1971-11-01	.00	1971-11-01	.00	1971-11-01	.00
1971-12-01	.00	1971-12-01	.00	1971-12-01	.00
1972-01-01	.00	1972-01-01	.00	1972-01-01	.00
1972-02-01	.00	1972-02-01	.00		

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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[illegible][illegible]

the most recent provided by the emergency.

**SCHEDE PARTICOLARE AND SPORTS.** The most recent report and estimate of the number of persons who have been killed or injured can be obtained from the following sources.

For supplementary notes see conducted in the last edition of the International Foreign Service.

Life Insurance and Ball Trust  
Emergency Department  
Police Department  
1000 Broadway Street, London WC1A 0BB  
Tel 071 - 979 - 0000.

City	State	Year	Value	City	State	Year	Value	City	State	Year	Value	City	State	Year	Value
Albany	NY	1991	1,125,000	Albany	NY	1992	1,125,000	Albany	NY	1993	1,125,000	Albany	NY	1994	1,125,000
Albany	NY	1995	1,125,000	Albany	NY	1996	1,125,000	Albany	NY	1997	1,125,000	Albany	NY	1998	1,125,000
Albany	NY	1999	1,125,000	Albany	NY	2000	1,125,000	Albany	NY	2001	1,125,000	Albany	NY	2002	1,125,000
Albany	NY	2003	1,125,000	Albany	NY	2004	1,125,000	Albany	NY	2005	1,125,000	Albany	NY	2006	1,125,000
Albany	NY	2007	1,125,000	Albany	NY	2008	1,125,000	Albany	NY	2009	1,125,000	Albany	NY	2010	1,125,000
Albany	NY	2011	1,125,000	Albany	NY	2012	1,125,000	Albany	NY	2013	1,125,000	Albany	NY	2014	1,125,000
Albany	NY	2015	1,125,000	Albany	NY	2016	1,125,000	Albany	NY	2017	1,125,000	Albany	NY	2018	1,125,000
Albany	NY	2019	1,125,000	Albany	NY	2020	1,125,000	Albany	NY	2021	1,125,000	Albany	NY	2022	1,125,000
Albany	NY	2023	1,125,000	Albany	NY	2024	1,125,000	Albany	NY	2025	1,125,000	Albany	NY	2026	1,125,000
Albany	NY	2027	1,125,000	Albany	NY	2028	1,125,000	Albany	NY	2029	1,125,000	Albany	NY	2030	1,125,000
Albany	NY	2031	1,125,000	Albany	NY	2032	1,125,000	Albany	NY	2033	1,125,000	Albany	NY	2034	1,125,000
Albany	NY	2035	1,125,000	Albany	NY	2036	1,125,000	Albany	NY	2037	1,125,000	Albany	NY	2038	1,125,000
Albany	NY	2039	1,125,000	Albany	NY	2040	1,125,000	Albany	NY	2041	1,125,000	Albany	NY	2042	1,125,000
Albany	NY	2043	1,125,000	Albany	NY	2044	1,125,000	Albany	NY	2045	1,125,000	Albany	NY	2046	1,125,000
Albany	NY	2047	1,125,000	Albany	NY	2048	1,125,000	Albany	NY	2049	1,125,000	Albany	NY	2050	1,125,000
Albany	NY	2051	1,125,000	Albany	NY	2052	1,125,000	Albany	NY	2053	1,125,000	Albany	NY	2054	1,125,000
Albany	NY	2055	1,125,000	Albany	NY	2056	1,125,000	Albany	NY	2057	1,125,000	Albany	NY	2058	1,125,000
Albany	NY	2059	1,125,000	Albany	NY	2060	1,125,000	Albany	NY	2061	1,125,000	Albany	NY	2062	1,125,000
Albany	NY	2063	1,125,000	Albany	NY	2064	1,125,000	Albany	NY	2065	1,125,000	Albany	NY	2066	1,125,000
Albany	NY	2067	1,125,000	Albany	NY	2068	1,125,000	Albany	NY	2069	1,125,000	Albany	NY	2070	1,125,000
Albany	NY	2071	1,125,000	Albany	NY	2072	1,125,000	Albany	NY	2073	1,125,000	Albany	NY	2074	1,125,000
Albany	NY	2075	1,125,000	Albany	NY	2076	1,125,000	Albany	NY	2077	1,125,000	Albany	NY	2078	1,125,000
Albany	NY	2079	1,125,000	Albany	NY	2080	1,125,000	Albany	NY	2081	1,125,000	Albany	NY	2082	1,125,000
Albany	NY	2083	1,125,000	Albany	NY	2084	1,125,000	Albany	NY	2085	1,125,000	Albany	NY	2086	1,125,000
Albany	NY	2087	1,125,000	Albany	NY	2088	1,125,000	Albany	NY	2089	1,125,000	Albany	NY	2090	1,125,000
Albany	NY	2091	1,125,000	Albany	NY	2092	1,125,000	Albany	NY	2093	1,125,000	Albany	NY	2094	1,125,000
Albany	NY	2095	1,125,000	Albany	NY	2096	1,125,000	Albany	NY	2097	1,125,000	Albany	NY	2098	1,125,000
Albany	NY	2099	1,125,000	Albany	NY	2100	1,125,000	Albany	NY	2101	1,125,000	Albany	NY	2102	1,125,000
Albany	NY	2103	1,125,000	Albany	NY	2104	1,125,000	Albany	NY	2105	1,125,000	Albany	NY	2106	1,125,000
Albany	NY	2107	1,125,000	Albany	NY	2108	1,125,000	Albany	NY	2109	1,125,000	Albany	NY	2110	1,125,000
Albany	NY	2111	1,125,000	Albany	NY	2112	1,125,000	Albany	NY	2113	1,125,000	Albany	NY	2114	1,125,000
Albany	NY	2115	1,125,000	Albany	NY	2116	1,125,000	Albany	NY	2117	1,125,000	Albany	NY	2118	1,125,000
Albany	NY	2119	1,125,000	Albany	NY	2120	1,125,000	Albany	NY	2121	1,125,000	Albany	NY	2122	1,125,000
Albany	NY	2123	1,125,000	Albany	NY	2124	1,125,000	Albany	NY	2125	1,125,000	Albany	NY	2126	1,125,000
Albany	NY	2127	1,125,000	Albany	NY	2128	1,125,000	Albany	NY	2129	1,125,000	Albany	NY	2130	1,125,000
Albany	NY	2131	1,125,000	Albany	NY	2132	1,125,000	Albany	NY	2133	1,125,000	Albany	NY	2134	1,125,000
Albany	NY	2135	1,125,000	Albany	NY	2136	1,125,000	Albany	NY	2137	1,125,000	Albany	NY	2138	1,125,000
Albany	NY	2139	1,125,000	Albany	NY	2140	1,125,000	Albany	NY	2141	1,125,000	Albany	NY	2142	1,125,000
Albany	NY	2143	1,125,000	Albany	NY	2144	1,125,000	Albany	NY	2145	1,125,000	Albany	NY	2146	1,125,000
Albany	NY	2147	1,125,000	Albany	NY	2148	1,125,000	Albany	NY	2149	1,125,000	Albany	NY	2150	1,125,000
Albany	NY	2151	1,125,000	Albany	NY	2152	1,125,000	Albany	NY	2153	1,125,000	Albany	NY	2154	1,125,000
Albany	NY	2155	1,125,000	Albany	NY	2156	1,125,000	Albany	NY	2157	1,125,000	Albany	NY	2158	1,125,000
Albany	NY	2159	1,125,000	Albany	NY	2160	1,125,000	Albany	NY	2161	1,125,000	Albany	NY	2162	1,125,000
Albany	NY	2163	1,125,000	Albany	NY	2164	1,125,000	Albany	NY	2165	1,125,000	Albany	NY	2166	1,125,000
Albany	NY	2167	1,125,000	Albany	NY	2168	1,125,000	Albany	NY	2169	1,125,000	Albany	NY	2170	1,125,000
Albany	NY	2171	1,125,000	Albany	NY	2172	1,125,000	Albany	NY	2173	1,125,000	Albany	NY	2174	1,125,000
Albany	NY	2175	1,125,000	Albany	NY	2176	1,125,000	Albany	NY	2177	1,125,000	Albany	NY	2178	1,125,000
Albany	NY	2179	1,125,000	Albany	NY	2180	1,125,000	Albany	NY	2181	1,125,000	Albany	NY	2182	1,125,000
Albany	NY	2183	1,125,000	Albany	NY	2184	1,125,000	Albany	NY	2185	1,125,000	Albany	NY	2186	1,125,000
Albany	NY	2187	1,125,000	Albany	NY	2188	1,125,000	Albany	NY	2189	1,125,000	Albany	NY	2190	1,125,000
Albany	NY	2191	1,125,000	Albany	NY	2192	1,125,000	Albany	NY	2193	1,125,000	Albany	NY	2194	1,125,000
Albany	NY	2195	1,125,000	Albany	NY	2196	1,125,000	Albany	NY	2197	1,125,000	Albany	NY	2198	1,125,000
Albany	NY	2199	1,125,000	Albany	NY	2200	1,125,000	Albany	NY	2201	1,125,000	Albany	NY	2202	1,125,000
Albany	NY	2203	1,125,000	Albany	NY	2204	1,125,000	Albany	NY	2205	1,125,000	Albany	NY	2206	1,125,000
Albany	NY	2207	1,125,000	Albany	NY	2208	1,125,000	Albany	NY	2209	1,125,000	Albany	NY	2210	1,125,000
Albany	NY	2211	1,125,000	Albany	NY	2212	1,125,000	Albany	NY	2213	1,125,000	Albany	NY	2214	1,125,000
Albany	NY	2215	1,125,000	Albany	NY	2216	1,125,000	Albany	NY	2217	1,125,000	Albany	NY	2218	1,125,000
Albany	NY	2219	1,125,000	Albany	NY	2220	1,125,000	Albany	NY	2221	1,125,000	Albany	NY	2222	1,125,000
Albany	NY	2223	1,125,000	Albany	NY	2224	1,125,000	Albany	NY	2225	1,125,000	Albany	NY	2226	1,125,000
Albany	NY	2227	1,125,000	Albany	NY	2228	1,125,000	Albany	NY	2229	1,125,000	Albany	NY	2230	1,125,000
Albany	NY	2231	1,125,000	Albany	NY	2232	1,125,000	Albany	NY	2233	1,125,000	Albany	NY	2234	1,125,000
Albany	NY	2235	1,125,000	Albany	NY	2236	1,125,000	Albany	NY	2237	1,125,000	Albany	NY	2238	1,125,000
Albany	NY	2239	1,125,000	Albany	NY	2240	1,125,000	Albany	NY	2241	1,125,000	Albany	NY	2242	1,125,000
Albany	NY	2243	1,125,000	Albany	NY	2244	1,125,000	Albany	NY	2245	1,125,000	Albany	NY	2246	1,125,000
Albany	NY	2247	1,125,000	Albany	NY	2248	1,125,000	Albany	NY	2249	1,125,000	Albany	NY	2250	1,125,000
Albany	NY	2251	1,125,000	Albany	NY	2252	1,125,000	Albany	NY	2253	1,125,000	Albany	NY	2254	1,125,000
Albany	NY	2255	1,125,000	Albany	NY	2256	1,125,000	Albany	NY	2257	1,125,000	Albany	NY	2258	1,125,000
Albany	NY	2259	1,125,000	Albany	NY	2260	1,125,000	Albany	NY	2261	1,125,000	Albany	NY	2262	1,125,000
Albany	NY	2263	1,125,000	Albany	NY	2264	1,125,000	Albany	NY	2265	1,125,000	Albany	NY	2266	1,125,000
Albany	NY	2267	1,125,000	Albany	NY	2268	1,125,000	Albany	NY	2269	1,125,000	Albany	NY	2270	1,125,000
Albany	NY	2271	1,125,000	Albany	NY	2272	1,125,000	Albany	NY	2273	1,125,000	Albany	NY	2274	1,125,000
Albany	NY	2275	1,125,000	Albany	NY	2276	1,125,000	Albany	NY	2277	1,125,000	Albany	NY	2278	1,125,000
Albany	NY	2279	1,125,000	Albany	NY	2280	1,125,000	Albany	NY	2281	1,125,000	Albany	NY	2282	1,125,000
Albany	NY	2283	1,125,000	Albany	NY	2284	1,125,000	Albany	NY	2285	1,125,000	Albany	NY	2286	1,125,000
Albany	NY	2287	1,125,000	Albany	NY	2288	1,125,000	Albany	NY	2289	1,125,000	Albany	NY	2290	1,125,000
Albany	NY	2291	1,125,000	Albany	NY	2292	1,125,000	Albany	NY	2293	1,125,000	Albany	NY	2294	1,125,000
Albany	NY	2295	1,125,000	Albany	NY	2296	1,125,000	Albany	NY	2297	1,125,000	Albany	NY	2298	1,125,000
Albany	NY	2299	1,125,000	Albany	NY	2300	1,125,000	Albany	NY	2301	1,125,000	Albany	NY	2302	1,125,000
Albany	NY	2303	1,125,000	Albany	NY	2304	1,125,000	Albany	NY	2305	1,125,000	Albany	NY	2306	1,125,000
Albany	NY	2307	1,125,000	Albany	NY	2308	1,125,000	Albany	NY	2309	1,125,000	Albany	NY	2310	1,125,000
Albany	NY	2311	1,125,000	Albany	NY	2312	1,125,000	Albany	NY	2313	1,125,000	Albany			

Trish	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315	3316	3317	3318	3319	3320	3321	3322	3323	3324	3325	3326	3327	3328	3329	3330	3331	3332	3333	3334</
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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Devaluation drives up D-Mark

BOTH THE dollar and sterling weakened further against the D-Mark yesterday after Finland broke the markka's link with the Ecu, sparking fears of a devaluation of the weaker currencies in the European Monetary System, writes James Hogg.

Although it is not an EMS currency, the Finnish markka had been informally linked to the Ecu as part of Finland's strategy of applying for European Community membership. However, the overvaluation of the markka had led to high interest rates and a reduction in Finnish foreign currency reserves through intervention. The Bank of Finland devalued the currency by 14 per cent last November by floating it on the foreign exchanges for one day. Yesterday it repeated the move, but this time the bank's governor said it would take "much longer than days or weeks" to see exactly what value the markka would have. By last night, the markka

had effectively devalued by 13 per cent from its previous close against the Ecu. Its exchange rate was quoted at DM13.60 per 100 markka at the end of European trading, against a fixing on Monday of DM13.30.

Finland's devaluation highlighted how small the global currency village has become. Sweden's central bank was immediately forced to put up its most important lending rate by 8 percentage points to protect the Swedish krona, which traders see as the next prime target for devaluation. Several analysts warned that the Swedish authorities cannot sustain such high rates for long.

The devaluation also upset trading in an already troubled EMS. Sellers of Finnish markka mostly opted for D-Marks. Mr Helmut Schlesinger, the Bundesbank president, also drove the D-Mark upwards by saying there was nothing new in a statement he had made at the weekend that the German central bank will

not raise short-term interest rates again.

Sterling fell to a low of DM2.7850, less than a penny above its ERM floor of DM2.7780, before finishing at DM2.7875, down 4 pence on the day. The dollar closed more than a penny lower in Europe, at DM1.3915, but in New York it picked up to end at DM1.3940. Traders anticipate a cut in the Federal Reserve's discount rate following last week's unexpectedly low figure for US non-farm payroll in August, and believe that the dollar could test its historic low again.

In the short term, the pound remains well underpinned against the D-Mark, after the UK government's announcement last week that it is borrowing Ecu10bn to convert into sterling on the foreign exchanges. But the Treasury must be disappointed to see its borrowing plan overshadowed by so many ill-timed tremors in the currency markets.

## E IN NEW YORK

Sept 8	Close	Previous
1 Sept	2.0040-2.0050	1.9955-1.9965
1 month	1.9950-1.9960	1.9875-1.9885
3 months	1.9875-1.9885	1.9800-1.9810
12 months	1.9800-1.9810	1.9725-1.9735

Forward premiums and discounts apply to the US dollar

## STERLING INDEX

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## CURRENCY MOVEMENTS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## CURRENCY RATES

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## OTHER CURRENCIES

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## FINANCIAL FUTURES AND OPTIONS

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## LIFE LINE FUTURES AND OPTIONS

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

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Sept 8	Close	Previous
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3 months	92.3	92.3
12 months	92.3	92.3

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Forward premiums and discounts apply to the US dollar

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Forward premiums and discounts apply to the US dollar

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Forward premiums and discounts apply to the US dollar

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Forward premiums and discounts apply to the US dollar

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Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

Forward premiums and discounts apply to the US dollar

## MONEY MARKET FUNDS

## Money Market Trust Funds

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

## Money Market Bank Accounts

Sept 8	Close	Previous
1 Sept	92.3	92.3
1 month	92.3	92.3
3 months	92.3	92.3
12 months	92.3	92.3

## Money Market Bank Accounts

Sept 8	Close	Previous
1 Sept	92.3	92.3
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Sept 8	Close	Previous
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Sept 8	Close	Previous
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Sept 8	Close	Previous
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1 month	92.3	92.3
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Sept 8	Close	Previous
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3 months	92.3	92.3
12 months	92.3	92.3

## Money Market Bank Accounts

2 Easily excited fellow can hold up a Frenchman in his sickness (5)	Y C R O O T E D D E C R E A S E
3 Benefactor who can do no right? (5)	E R E V I S I O N A R Y
4 Getting engaged in a one-sided contest? (4,5)	M O R E O V E R M O O D L E G A S T I C R E L A T I O N A S I D E S



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WORLD STOCK MARKETS

Table with multiple columns for various stock markets including Australia, Canada, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, and the UK. Each column lists stock indices and their values.

Table containing detailed stock market data for Canada, including Toronto and Montreal indices, and a list of active stocks with their prices and trading volumes.



## NEW YORK STOCK EXCHANGE COMPOSITE PRICE

Continued on next page



**4 pm close September 8**

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**4 pm close September 8**

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Financial Times  
Founded 1888



## AMERICA

## Dow lower as market reflects on jobs data

## Wall Street

US SHARE prices weakened across the board yesterday as investors continued to digest the implications of Friday's disappointing employment news, writes Patrick Harrington in New York.

The Dow Jones Industrial Average closed 21.34 down at 3,260.59, near the day's low. The market was closed on Monday for Labor Day. The Standard & Poor's 500 declined 2.61 to 414.44, while the American SE composite slipped 1.49 to 383.36 and the Nasdaq composite lost 2.33 to 571.18. Turnover on the New York SE was light at 162m shares.

The ramifications of last week's announcement by the Labor department that non-farm payrolls had fallen 83,000 in August, against analysts' expectations of a rise (analysts had been expecting a solid increase in payrolls), continued to dominate market sentiment.

The main focus of attention was on monetary policy, and whether the Federal Reserve would follow Friday's 1/4 percentage point reduction in the Federal Funds rate to 3 percent with a similar, or bigger, cut in the more important dis-

count rate. Speculation has also centred on the possibility of additional fiscal stimulus for the economy.

HJ Heinz fell \$1 in early trading after the food group appeared to disappoint the market with fiscal first-quarter profits of 55 cents a share, down sharply from the 95 cents earned at the same stage a year ago. Analysts later hailed the figures as a solid result, once one-off factors were excluded, and the shares ended a net 5/8 off at \$41 1/8.

Banks were lower on concern that they would gain little from lower interest rates and that this year's rally in the sector could be over. Chemical retreated 1/4 to \$31 1/4. Chase Manhattan \$1 to \$22, BankAmerica \$1 to \$42 and Citicorp 3/4 to \$15 1/4.

The repercussions of Hurricane Andrew, now deemed the worst natural disaster in US history, continued to afflict certain stocks. Sears Roebuck dropped 2 1/2 to \$40 1/2 in active trading after Wall Street securities house Salomon Brothers cut its 1993 earnings estimate for the company from \$4.20 a share to \$3 to reflect the greater than expected losses that Sears' Allstate Insurance subsidiary expects to incur

because of hurricane damage in south Florida and Louisiana. Genentech climbed \$1 to \$33 1/4 after broking house Smith Barney upgraded the stock to a "buy" in the expectation that new product introductions will spur a sharp rise in earnings for the California biotech company.

Carriage Industries jumped 3/4 to \$12 1/4 on news that the carpet supplier and manufacturer's chairman and his affiliates plan to sell their 46.5 percent stake to textiles group Dixie Yarns for \$13.25 a share in cash. Dixie Yarns fell \$1 1/4 to \$9 on the Nasdaq market.

## Canada

THE Toronto market stayed within a narrow range all day in spite of the downward pressure exerted by the lower Wall Street values.

The TSE 300 index eased only 1/4 to 3,551.5, while overall advances held a small lead over declines by 267 to 252 after volume of 29.4m shares valued at C\$308.8m.

Woodward's, up 2 cents at 57 cents, said it is in talks with Cambridge Leaseholds for a possible issue by Woodward of C\$20m of 10 per cent secured notes.

## EUROPE

## Finnish move puts pressure on Sweden

THE PRICE of the profligate 1980s, which has plagued Nordic equity markets over the past twelve months, came back to upset Finland and Sweden yesterday, writes Our Markets Staff.

STOCKHOLM dropped to a year's low as the krona came under pressure from Finland's decision to float the markka. The Swedish central bank raised its key marginal rate to 24 per cent from 18 per cent in order to protect its currency. The Affarsvärlden General Index dropped 22.5 or 3 per cent to 726.2 in turnover of SKr456m after SKr197m.

The insurance group Tryg-Hansa cancelled its capital-raising plans because of the turbulence. Its B shares fell \$1.4 to a new year's low of SKr37. The forestry sector was one of the main losers. Stora B shares fell SKr17 to SKr205 and SCA B shares lost SKr7 to SKr79. MoDo B shares fell SKr25 to SKr125 on fears that SCA might sell its 16 per cent stake in MoDo.

In HELSINKI, the Hex index jumped 27.4 or 3.1 per cent to 584.4 in an initial reaction to the central bank's decision to stop defending the markka, a move which should make Finn-

FT-SE Eurotrack 100 - Sep 8										
Hourly changes										
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close			
1032.92	1033.52	1034.13	1032.26	1032.70	1030.78	1030.62	1029.38			
Day's High				1034.59	Day's Low			1029.18		
Sep 7	Sep 4	Sep 3	Sep 2	Sep 1						
1032.26	1029.27	1031.46	1011.19	1007.79						

Source: Reuters (100-281252)

ish companies more competitive, in the short term at least.

FRANKFURT retreated from early highs after the Bundesbank president, Mr Helmut Schlesinger, said again yesterday that he saw no room to lower German interest rates.

After a 5.20 rise to 609.85 in the FAZ index at mid-session, the DAX closed 3.52 higher at 1,344.55. Turnover fell to DM58m from DM3.4bn.

The car sector saw solid gains. Volkswagen recovered DM5.20 to DM319, probably on short-covering following Morgan Stanley's earnings downgrade late last week; Daimler added DM3.30 to DM833.50 and BMW DM8 to DM513.

Allianz rose DM34, or just under 2 per cent to DM1,787 after DB Research changed its recommendation to "neutral". Karstadt led retailers lower with a DM13 fall to DM534 pos-

sibly anticipating poor German retail sales figures later this week.

PARIS drifted lower, but individual shares were active. The CAC-40 index dropped 15.63 to 1,763.67 in moderate turnover of FF1.6bn.

Banqueparibas rose as high as FF334, following the publication of its interim results, before closing FF14 or 4.6 per cent higher at FF332.

The share is in demand with investors wanting to increase their weighting in interest rate-sensitive stocks.

Carrefour bounced back FF24 to FF210 after the previous day's slump, as did Accor which rose FF12 to FF332.

But dealers expect Accor to fall back, since the chairman's gloomy profit forecast should prompt downward revisions of 1992 earnings forecasts.

L'Oréal was busy on specu-

tion about Nestlé's intentions towards the haircare products group. The stock ended FF6 lower at FF591.

MILAN closed broadly firmer in a technical rebound, but came off the day's highs on news that Mr Giovanni Agnelli, the chairman of Fiat, expected the group's turnover to be hit by last week's discount rate increase. The Comit index rose 3.95 to 365.48 in turnover estimated at around Monday's L73.3bn.

Fiat was fixed L24 higher at L3,585, while one of the session's best performers was Banca Commerciale Italiana, which rose L154 to L2,470 on renewed speculation that the bank would soon be privatised.

AMSTERDAM slipped further with the drinks sector again providing most of the interest. The CBS Tendency index closed 0.3 weaker at 109.0.

Bols lost FI 1.00 to FI 42.40 before reporting a 3.6 per cent increase in interim earnings and forecasting a higher 1992 net profit, after the close.

Grosch, which publishes its first half figures this morning, fell FI 1.00 to FI 319 while Heineken was down FI 1.80 at FI 165.20.

The financial and publishing sectors went against the trend with Wolters Kluwer up 30 cents at FI 79.80 and AMEV 60 cents higher at FI 55.40.

ZORICH was flat overall, the SMI index easing 0.3 to 1,781.1, featuring a SF123 decline in Ciba-Geigy to SF7612 because of the lower dollar and a drop of SF90 to SF1,460 in Ascom, on worries over its 1992 earnings.

BRUSSELS lacked direction at the start of the new account and the Bel-20 index finished 1.80 higher at 1,088.66 in low turnover of BF1,600m.

Dalhousie advanced BF19 to BF1,515 on news that it hopes to develop supermarket chains in Czechoslovakia and Greece while UCB, the chemical group, gained BF450 or 2 per cent to BF22,350 ahead of tomorrow's interim results.

VIENNA climbed nearly 2 per cent as the ATX index rose 14.81 to 759.98. Radex, in mining and fireproof materials, led the market higher, rising Sch8, or 4.5 per cent to Sch43.

MADRID retreated further on profit-taking while the banking sector came under renewed pressure. The general index fell 2.86 to 212.70.

## ASIA PACIFIC

## Nikkei extends its losses as investors take profits

## Tokyo

PROFIT-taking by investment trusts and dealers, combined with a lack of new buyers, depressed share prices, writes Emiko Terazono in Tokyo.

The Nikkei average closed 157.76 lower at 18,292.42, its rise to the day's high of 18,758.32 on arbitrage-related buying and speculative short-term trading, but fell later to a low of 18,278.41 on profit-taking. Traders said activity was led by arbitrage-linked trading ahead of this Friday's settlement of September futures and options contracts.

Volume remained flat at 400m shares, against 402m. Declines outscored advances by 713 to 290, with 145 issues unchanged. The Topix index of all first section stocks shed 18.70 to 1,381.68, and in London the 100 Nikkei 50 index dipped 2.49 to 1,117.94.

Individual investors took profits on short-term holdings, while institutions remained inactive. "Prices have moved too fast recently," explained a fund manager at Dai-ichi Life.

Traders said the upward momentum in share prices seemed to have come to a temporary halt, although underlying sentiment remains firm. Last week, long margin positions continued to increase, reflecting bullish sentiment.

The Tokyo Stock Exchange said the balance of long positions on the stock exchanges in Tokyo, Osaka, and Nagoya increased by Y93.5bn last week to an outstanding Y1,754.9bn. Margin selling rose by Y8.4bn to Y573bn, as some investors became cautious after the recent sharp gains.

Banks were easier on profit-taking. Industrial Bank of Japan lost Y30 to Y230 and

Dai-ichi Kangyo Bank Y50 to Y1,800. Brokers were also weaker, with Nomura Securities off Y10 at Y1,720.

Individuals and dealers took profits on speculative theme stocks. Nippon Zoon, the most active issue of the day, gained ground on the "Aids" theme in the morning session, but finished a net Y3 down at Y787 on profit-taking. Some issues remained firm on margin buying. Meiji Milk Products adding Y10 at Y1,140 and Green Cross Y10 at Y1,730.

Nippon Telegraph and Telephone lost Y14,000 to Y585,000, falling for the third consecutive day. Traders said investors who had bought the issue at lower prices were realising gains.

In Osaka, the OSE average receded 198.13 to 19,936.49 in volume of 20.6m shares. Nintendo, the video game maker, declined Y100 to Y10,700.

## Roundup

LOCAL issues dominated trading among the region's markets yesterday.

TAIWAN fell heavily on news that a warrant had been issued for the arrest of Mr Ouang Ta-ming, head of the Hualon Group. The group controls a number of speculative stocks, which fell steeply, dragging the rest of the market down. The weighted index weakened 83.89, or 2.4 per cent, to 3,758.38 in turnover of T\$21.07bn.

Sentiment was also hit after a number of banks said they would reduce lending to electronics companies.

SYDNEY lost further ground to close at its lowest level since June 1991. The All Ordinaries index, which fell below 1,500 in early trade, closed 13.1 down at 1,501.8 in turnover of A\$309.8m.

Banks again led the market lower, with Westpac and ANZ under pressure following a broker's downgrade. Westpac shed 3 cents to A\$2.80 while ANZ declined 10 cents to A\$2.98.

HONG KONG firmed ahead of today's resumption of talks between China and the UK, aimed at breaking the deadlock over the financing of the new airport. The Hang Seng index moved forward 36.18 to 5,700.59 but turnover fell to HK\$1.14bn from HK\$1.32bn.

Hopewell Holdings appreciated 16 cents to HK\$5.15 prior to releasing better than expected final results after the close. SEOLU was subjected to profit-taking, the composite index ending 4.24 lower at 553.35 in turnover of Won365.16bn. Companies with links to China gained, following the establishment of diplomatic relations between the two countries. Falls outnumbered rises by 514 to 271, with 105 issues unchanged.

MANILA closed little changed following light trading. The composite index lost 0.80 to 1,412.90 in combined turnover of 216m pesos. Oil shares firmed in late trading in anticipation of the start of commercial drilling at the West Linapacan oil field next month.

KUALA LUMPUR extended its gains ahead of today's national holiday. The composite index put on 1.77 to 586.61 but volume remained low, while SINGAPORE was dominated by trading in Malaysian companies as the Straits Times Industrial index rose 11.61 to 1,377.20 in turnover of S\$64.7m.

NEW ZEALAND's NZSE-40 index finished 14.65 weaker at 1,472.78 in low turnover of NZ\$12m.

BOMBAY's BSE index fell 25.08 to 3,201.46.

## By Antonia Sharpe

Latin America provided the best and worst performance among the emerging markets in August. According to data provided by the IFC, part of the World Bank, Argentina fell by 13.7 per cent and Venezuela rose by 9.9 per cent in dollar terms.

Analysts say Argentina was driven lower by forced selling by leveraged domestic operators so that they could meet their margin commitments. However, they note that the market has bounced back by around 5 per cent since the start of September.

The prolonged liquidation of positions last month was accentuated by below-average daily turnover of around \$50m, and the lack of institutional buyers meant that there was virtually no support on the downside.

The market's drop was compounded by selling by disappointed domestic investors, who had speculated that foreign investors were about to return.

Mr Marc Wenhammer, an in-house fund manager at Latin American Securities, says there was no fundamental reason for the fall in Argentina. In fact, there have been some good corporate results which have prompted selective buying since the end of the month.

Venezuela's advance was more due to an absence of bad news, which encouraged the more intrepid investors, mainly specialist US funds, to pick up bargains. Lower interest rates also prompted a switch into equities.

Positive developments on the macro-economic front - GDP rose by 8.5 per cent in the first half of 1992 from the year-ago

period - as well as some good company results contributed to the short-term stability.

The second best performance in August came from South Korea, up 9.6 per cent following the implementation of long-awaited, market-busting measures and the country's signing of diplomatic ties with China. The market has also been encouraged by the recovery in the Tokyo stock market.

India came a close third, up 9.3 per cent on hopes that a government package to stimulate the economy will boost equity values, which have languished since a securities scandal broke early last May.

A more detailed article on Argentina's stock market by John Barham, our correspondent in Buenos Aires, is scheduled to run on this page later this week.

IFC EMERGING MARKETS PRICE INDICES									
Market	No. of stocks	Dollar terms			Local currency terms			Aug 31 1992	% Change over month on Dec '91
		Aug 31 1992	% Change over month on Dec '91	% Change over month on Dec '91	Aug 31 1992	% Change over month on Dec '91	% Change over month on Dec '91		
Latin America									
Argentina	(29)	1,000.27	-13.7	-22.1	54,936.929	-14.0	-22.1		
Brazil	(69)	112.03	-0.4	+8.8	175,873.172	+21.5	+8.8		
Chile	(35)	1,832.36	-0.4	+8.8	5,598.45	-0.5	+8.8		
Colombia	(20)	1,177.79	-1.7	+4.1	8,017.58	-0.5	+4.1		
Mexico	(66)	1,411.12	-6.7	-2.6	22,450.28	-7.8	-2.6		
Venezuela	(17)	581.15	+9.9	-14.0	5,248.70	+12.3	-14.0		
East Asia									
South Korea	(61)	223.80	+9.8	-21.7	212.92	+9.5	-21.7		
Philippines	(30)	2,041.94	-1.3	+42.1	2,340.59	-0.8	+42.1		
Taiwan, China	(70)	513.22	-5.6	-18.5	322.79	-5.1	-18.5		
South Asia									
India	(82)	367.60	+9.3	+33.6	835.49	+10.2	+33.6		
Indonesia	(83)	64.31	-7.1	+15.4	72.81	-7.2	+15.4		
Malaysia	(82)	162.32	-4.0	+13.0	186.83	-4.3	+13.0		
Pakistan	(58)	230.50	-8.5	-27.8	374.40	-8.7	-27.8		
Thailand	(51)	330.49	-1.4	+4.2	308.08	-2.2	+4.2		
Europe/East									
Greece	(32)	377.17	-2.8	-5.9	512.99	-6.4	-5.9		
Jordan	(27)	100.07	+1.4	+4.1	172.45	+0.6	+4.1		
Portugal	(30)	438.41	+0.3	+1.6	344.50	-1.9	+1.6		
Turkey	(25)	44.32	-3.6	-47.9	403.69	-4.3	-47.9		

Source: International Finance Corporation. Base date: Dec 1981 = 100. \*Dec 1989 = 100. 1 Jan 1990 = 100. 1 Dec 1990 = 100.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL AND NATIONAL MARKETS										MONDAY SEPTEMBER 7 1992										DOLLAR INDEX				
Figures in parentheses show number of times of stock										US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Doll Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Doll Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	128.36	-1.6	92.74	97.23	90.69	116.77	-1.0	4.47	127.46	94.81	99.50	92.97	117.98	153.68	125.36	148.92								
Austria (19)	158.82	+2.4	117.57	123.19	114.90	114.84	+1.6	2.54	155.09	115.37	121.08	113.23	113.06	186.70	139.27	186.60								
Belgium (42)	145.67	+0.9	107.77	112.57	105.38	103.10	+0.3	3.51	144.33	107.37	112.68	106.23	103.04	152.27	136.87	140.00								
Canada (114)	126.82	-0.7	93.82	96.30	91.74	110.57	-0.3	3.15	127.69	98.73	95.13	92.88	97.12	121.12	105.55	127.21								
Denmark (33)	220.09	+2.0	182.93	170.71	158.22	160.97	+1.1	1.76	215.87	160.58	168.88	157.46	159.20	271.20	212.05	261.00								
Finland (15)	93.88	-0.3	90.70	41.92	38.92	40.93	+0.5	2.83	95.51	43.52	45.88	42.68	47.44	89.80	53.86	97.30								
France (102)	166.26	+0.0	122.26	126.17	119.55	122.81	-0.7	3.66	165.35	123.00	129.07	120.90	123.72	178.83	148.06	139.60								
Germany (64)	121.47	+1.8	89.88	94.22	87.87	87.87	+0.9	2.60	119.34	89.78	92.85	90.35	90.35	140.85	107.21	140.85								
Hong Kong (53)	294.14	+0.5	173.22	181.80	168.39	222.32	+0.5	3.82	233.01	173.34	181.90	169.97	231.20	259.75	176.35	111								
Ireland (16)	158.91	+0.4	117.56	123.25	114.96	117.83	-0.8	4.90	158.31	117.27	123.58	115.47	118.31	173.71	151.78	160.90								
Italy (78)	99.43	+2.2	43.97	46.10	43.00	47.18	+1.4	4.42	58.17	43.79	45.41	42.43	46.53	80.88	59.17	72.37								
Japan (473)	113.72	-0.8	84.13	88.20	82.28	86.20	-1.5	0.96	114.67	84.67	87.93	85.65	87.21	107.19	87.21	107.19								
Malaysia (59)	240.00	+0.4	177.55	186.14	173.62	220.25	+0.4	4.24	238.19	177.76	186.53	174.29	229.38	240.00	212.49	203.01								
Mexico (16)	1504.20	+0.3	954.87	1011.54	943.51	437.23	-0.3	1.57	1503.73	973.56	1021.88	954.61	4386.42	1789.77	1269.94	1216.28								
Netherlands (25)	167.16	+0.5	123.67	129.65	120.93	119.67	-0.3	4.69	168.30	126.97	128.83	121.31	120.04	167.29	147.88	141.58								
New Zealand (14)	42.22	-2.0	31.24	32.75	30.35	41.68	-1.3	5.45	43.10	31.24	32.75	30.35	41.68	42.22	42.22	42.22								
Norway (22)	182.38	-0.3	108.07	111.20	103.78	107.22	-0.9	2.26	144.80	108.97	112.83	104.26	108.23	182.38	166.36	182.38								
Singapore (36)	193.92	+1.1	143.46	150.40	140.28	142.09	+0.7	2.33	191.82	142.73	148.79	139.85	141.07	229.60	180.71	198.67								
South Africa (81)	102.00	-2.8	134.86	141.18	131.68	154.33	-1.7	2.39	187.26	139.30	148.18	130.56	156.96	263.60	182.00	247.91								
Spain (10)	145.19	+0.4	112.61	105.03	98.54	-0.4	6.01	147.07	107.69	110.01	105.95	98.96	107.72	133.93	132.99	133.93								
Sweden (30)	177.82	-1.6	131.55	137.92	128.64	134.05	-2.2	3.07	180.87	134.40	141.05	131.49	137.08	201.78	184.77	184.77								
Switzerland (51)	117.73	+1.3	87.10	91.32	85.18	89.96	-0.2	2.38	116.15	86.48	93.06	94.90	90.12	117.73	85.39	94.90								
United Kingdom (228)	184.72	-0.9	136.86	143.25	133.62	136.88	-1.4	5.38	188.29	138.66	145.49	135.94	138.66	200.07	165.85	182.05								
USA (522)	169.81	-0.6	124.96	131.01	122.20	169.81	-0.6	3.00	189.97	126.44	132.69	123.98	169.97	173.10	160.92	160.92								
Europe (783)	149.82	+0.1	110.69	116.04	108.24	109.96	-0.6	4.34	149.43	111.16	116.75	109.90	110.82	156.58	138.31	148.30								
Nordic (101/715)	117.22	+0.1	120.20	125.80	117.34	116.73	-0.9	2.57	146.82	122.19	127.18	118.63	117.82	166.22	156.53	166.22								
North America (836)	130.56	-0.4	96.59	101.26	94.45	99.92	-1.0	2.71	131.03	97.47	103.63	100.85	100.81	141.87	119.80	141.87								
Europe Ex UK (585)	168.27	-0.6	123.01	128.97	120.30	124.93	-0.8	3.01	167.32	124.47	130.28	122.06	125.96	190.71	158.70	158.70								
Asia Pacific Ex Japan (542)	128.24	+0.9	84.87	99.48	92.78	94.88	+0.1	3.99	127.14	94.98	99.27	92.76	94.98	132.98	121.81	118.11								
World Ex UK (1691)	131.66	-0.1	115.82	120.92	112.78	141.04	-0.4	3.76	156.56	118.33	122.10	114.18	122.91	148.00	144.42	144.42								
World Ex UK (1985)	139.30	+0.4	103.06	108.05	100.79	121.15	-0.8	2.82	139.52	104.09	108.24	102.07	102.07	150.39	127.21	136.25								
World Ex So. Af (2132)	143.09	-0.5	103.83	110.96	103.50	122.22	-0.8	2.83	143.73	106.92	112.22	104.88	123.23	153.06	130.04	141.82								
World Ex Japan (1740)	160.21	-0.4	116.93	124.28	115.92	142.24	-0.6	3.82	160.81	119.63	125.35	117.32	143.09	182.40	150.20	151.21								
The World Index (2213)	143.23	-0.5	106.96	111.10	103.83	122.54	-0.8	2.83	143.94	107.08	112.36	105.00	123.96	153.70	130.66	142.29								